

An Inter-Stellar Memo From Zygarb

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By: The Mogambo Guru

I have been extraordinarily busy lately responding to an inter-stellar memo from Zygarb, the new hotshot poobah of the Grand Council Of The Universe, of whom I know nothing except that he is a dumb-ass jerk, he thinks that I am disrespectful, and that Earthlings are de-evolving back into the primordial slime because the un-fittest genetic mutants of the population don't die young anymore, but live and breed.

In particular, he demands to know that if, as an Earthling named Milton Friedman so famously said, that "inflation is always and everywhere a monetary phenomenon," how come his stash of gold is not rising in price in tandem with the rise in prices, which John Williams, another Earthling, calculated in his Shadowstats.com website is over 9%?

Nine Freaking Percent (NFP)! Yikes! At that rate, prices will double prices in 8 years!

But as high and frightening as that is, it pales in comparison to the increases in the world's money supply as the central banks are creating, every day, insane amounts of money and credit to forestall the inevitable financial collapse of a stupid fiat-money economy, resulting in highly-indebted people, highly-indebted companies, highly-indebted governments and a bizarre, bloated, suicidal government-centric economy.

You, and Zygarb, are right to wonder why general prices are not soaring, and thus why gold is not soaring in price, and thus why you are not dancing around the house, giggling and laughing and saying "We're freaking rich!"

Well, Zygarb and you certainly have a good point, which is difficult to explain if you don't understand the concept of lag-time, which is where you do something now, and then something happens later as a direct result.

There are many kinds of lag time. The shortest one I have ever witnessed was one time when I wanted to borrow a few dollars from my wife so that I could get the hell out of the damned house and into some alcoholic beverage to celebrate, as I said, getting the hell out of the damned house.

I said only "Hey! Can I b..." before she instantly -- instantly! --said "No!"

And it was almost another short-lag-time record when I instantly -instantly! -- realized that the REASON for the hissing, nasty way she said "No!" was because I was a lazy, good-for-nothing, paranoid lunatic whack-job, and she should have listened to her parents, and her friends, and everybody she knew, when they told her "Don't marry that Mogambo Moron (MM) because he is a lazy, good-for-nothing, paranoid lunatic whack-job," but she didn't listen to them, boo-hoo-hoo, and now I am going to hear all about it for the ten-thousandth time.

A much, much longer lag-time, now taking years, is that time between huge increases in the money supply (monetary inflation) and the huge rise in prices (price inflation) that must necessarily result.

Perhaps just by coincidence or by some kind of divine intervention, I dunno which, my attention was grabbed by the title of an essay, which was "Era of Monetary EXPLOSION Will Bring The Worst Inflation of Our Lifetimes." It was written by Martin D. Weiss, of Money and Markets newsletter, and which expresses my sentiments exactly, including his use of all-capital letters in EXPLOSION, although I would have added, although it was implied, "We're Freaking Doomed (WFD)!"

He says "the U.S. economy is stumbling, Japan's economy is dead in the water, and Europe's has sunk into the long-feared double-dip recession.

"What most people don't realize is that the global economic weakness is actually a blessing in disguise ... because without it, the dramatic expansion of money printing would already be causing an equally dramatic explosion in prices."

In short, the value of the dollar, and most other currencies, will continue to go down because the central banks of the world, including our own despicable Federal Reserve under the chairmanship of the equally-despicable Ben Bernanke, are creating so much money, but thanks to the moribund world economy, the damage will be gradual, if you think 9% inflation is "gradual," but it will ultimately be so, so much worse. Fatal, probably.

So buy gold, silver and oil with both hands, using all the money you have at hand, and with all the money you can borrow from neighbors, friends and relatives, because one day soon, like Junior Mogambo Rangers (JMRs) at mogamboguru.com and everywhere across the universe, you will make merry when their prices soar, soar, soar because of the massively, insanely, unbelievable, continual creations of more and more money and credit.

And if you do buy gold, silver and oil, then, like the aforementioned JMRs on the aforementioned "one day soon," you will also, perhaps, exclaim gleefully "Whee! This investing stuff is easy!"