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Musings on the Greek “Crisis”, the World’s Reserve Currency, and Gold

A Monday Morning Musing from Mickey the Mercenary Geologist

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Frankly, I don’t get it. The Euro, *the currency without a country*, has been nothing more and nothing less than an abject fiat fiasco since April 30, 2010 when the first Greek panic attack hit the stock markets. It was soon followed by the infamous fat finger flash crash that sent world equities on a three-hour wild ride that would make Mr. Toad proud.

The so-called “Greek Crisis” has come back again and again to upset the market (e.g., in late May to early June of both 2011 and 2012). It’s almost like one of those *turistas* that the unfortunate with less than robust digestive systems seem to acquire every time they cross an international border, especially one to the south. Luckily, *yo tengo un estomago de fierro*, certainly beneficial given my peripatetic itinerary.

Nevertheless, the Greeks have remained the focus of the world’s considerable economic worries for the past two years. According to all the politicians, banksters, bureaucrats, and lock-step media, our entire financial world is facing a terrible, looming, and imminent *crisis* solely because the bankrupt Greeks, with their broken nanny-state government, refuse to pay taxes, give up their welfare benefits, and live within their necessarily lessened means.

But wait just a New York minute. My Webster’s 3rd Edition New World Collegiate Dictionary defines a crisis as “a decisive or critical moment”. Other than reference to the geological scale, how can over 27 months, 836 days to be exact, equate to a “moment” in time?

Greece has the 32nd largest economy in the world; that’s below such well-known economic powerhouses as Venezuela, Iran, and Thailand. In reality, Greece could go tits-up tomorrow and the real world of commerce and industry would scarcely miss a beat. Hells Bells, even the slightly smaller economy of Chile produces better olive oil. Now if Chile were to fail, we would be in trouble minus 35% of global copper production. But Greece, are you kidding me?

I am simply confounded by the inane idea that a bankrupt, second world, union-ridden, social welfare state can move the global equities markets in and out of panic mode for well over two years.

The real answer is that it should not and I simply refuse to buy into this multi-media missive being spoon-fed like pabulum to the infantile masses. At least no one gets the *turistas* from ingesting that bland

concoction and perhaps that's why few seem to question the message about the Greeks and their fat cat bottoms-up leaders.

The European currency is diseased and dying a slow death; its demise is destined. The idea of a common fiat currency with no sovereign government backing was a fatally flawed concept since its inception. But why is the blame game being put solely on the Greeks? The Italians, Spaniards, and Portuguese arguably are no better off in the eurozone, and the former two are much large economies.

Furthermore, the United States of America is running a debt load that is projected to exceed its GDP this year. The difference is that the United States is simply *too big to fail*.

With the demise of the Euro, what fiat currency would you choose to hold other than the good ol' US of A greenback? A case can be made to allocate some portion of your net assets to resource-based economies in the English-speaking world, e.g., the Australian and Canadian dollars.

But this fact remains: The world's reserve currency is the American dollar and it's been that way since Breton Woods in 1944.

What can / should / will replace it? I eagerly solicit your suggestions.

Have you a yearning for yen or yuan? Would you realistically reconsider the rand, real, renminbi, rial, riel, riyal, ringgit, ruble, rufiyaa, rupee, or rupiah? *Posiblemente una canasta de pa'angas, pesos, pesetas, pounds, y pulas?*

Naw, I didn't think so.

Rest assured that any of the above currencies will not become the new world monetary standard. The widely promoted gold standard would be absolute disaster for the sole reason of inadequate supply. We cannot explore, discover, develop, and mine enough gold to keep up with current global economic growth.

Could it be a basket of currencies or a basket of commodities? Perhaps, but that likely would entail an elongated episode of economic turmoil that none of us would relish. When the US sneezes, the rest of the globe still catches cold.

I'll willingly change my mind about the United States dollar when some cabbie refuses to accept a crisp new Franklin pulled from my money clip for an airport to hotel taxi ride somewhere in the second or third world, current European-centric countries with their funny money necessarily excluded.

That hasn't happened yet and I won't be holding my breath until it does. I suggest that you don't either.

The world continues to operate on the US \$ and in my opinion, that's not going to change in the foreseeable future. Like this or not, get used to it, forget the frigging Greeks, and let's get on with business.

P.S. I suggest you keep at least 10% of your net assets in physical gold and in your physical possession to ensure and hedge against all eventualities. Gold is money and the ultimate protection against the vagaries of our fiat currency and fractional reserve banking system.

Ciao for now,

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Acknowledgement: Erin Ostrom is the editor of MercenaryGeologist.com.

The [Mercenary Geologist Michael S. "Mickey" Fulp](http://MercenaryGeologist.com) is a Certified Professional Geologist with a B.Sc. Earth Sciences with honor from the University of Tulsa, and M.Sc. Geology from the University of New Mexico. Mickey has 35 years experience as an exploration geologist searching for economic deposits of base and precious metals, industrial minerals, uranium, coal, oil and gas, and water in North and South America, Europe, and Asia.

Mickey worked for junior explorers, major mining companies, private companies, and investors as a consulting economic geologist for over 20 years, specializing in geological mapping, property evaluation, and business development. In addition to Mickey's professional credentials and experience, he is high-altitude proficient, and is bilingual in English and Spanish. From 2003 to 2006, he made four outcrop ore discoveries in Peru, Nevada, Chile, and British Columbia.

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