

Economic Nightmares and Financial Monsters

By [The Mogambo Guru](#)

12/27/04

In preparing to read Doug Noland's Credit Bulletin column at PrudentBear.com, I thought I had prepared myself, and had gotten lots of sleep and water, had taken special care with my diet, and this new medication regimen is working out pretty good, although the number of pills I have to take to relieve my anxiety about the economy and how the Federal Reserve is killing us by killing our economy is now measured by the shovelful.

So, relaxed and confident, I settled myself into my chair, and as I buckled my seat belt and adjusting the strap on my spiffy new safety helmet, I remember chuckling to myself, "I'm ready for you now, Mr. Doug Noland! Ha! You want a piece of me, Noland? Huh? Is that what you want? You want a piece of the Mogambo? Well, bring it on, dude!"

With that, I clicked the mouse button on my computer, and suddenly I was in Doug Noland's Credit Bubble Bulletin Land, which is a scary, horrible place that is populated only by economic nightmares and financial monsters.

But even so, I was quite unprepared for the immediate jolt, but who knew he would quick-pitch me like that? I mean, right at the top of the page, right from the get-go, he has a chart of the U.S. current account deficit, which is bad, and seemingly, getting worse, as evidenced by it hitting a new all-time record, as we bought so much more from foreigners than we sold to them, that the sum total is now topping an annualized \$700 billion a year, which is \$5,303 for everybody in the country who has a freaking job!

Doug Noland: We Are Freaking Doomed

Although the chart only goes back to 1990, if you don't want to have a heart attack, then don't think back to the last zillion or so years in American history, because if you do then you will undoubtedly jump up out of your chair, surprising the hell out of the cat that was sleeping in your lap, as you exclaim, "The Mogambo was right! We are freaking doomed! Hurry! Let's speed straightaway to our steel-reinforced concrete survival bunker and arsenal!" It is then that you remember that you don't HAVE a steel-reinforced concrete survival bunker and arsenal, much to your dismay. Your head suddenly snaps around at full alert! There are angry government agents and desperate neighbors and even more desperate strangers banging at the door, because they have also finally realized that there is no such thing as a free lunch, and they are galvanized into action because they also suddenly realize, in their stupid small-brain little way that makes you want to slap their faces and shout, "Wake up, you moron! Your government is destroying your country right before your eyes!" And that the only way they are going to eat lunch is to get money from, ummm, you! And don't suggest that maybe they ought to come and see me,

because they have just come from the Mogambo Bunker, and they are still picking pieces of shrapnel out of their nasty little butts.

But it was the NEXT chart that made me, umm, have an “accident” in my pants, which is the one contingency I had not prepared for. It was a chart of the consumer price index, and even writing the words “consumer price index” still gives me the willies. I hope you are near a bathroom when I tell you this, but inflation is now at 3.5% and rising! This is horrible news! Because this is the official rate of inflation AFTER the government has massaged most of inflation away! And it is STILL at 3.5%! Gaaahhhh!

Inflation at 3.5%, especially when it is rising, is the kind of back-breaking, bone-splintering, economy-sundering, calamity-inducing, poverty-spewing inflation machine that people all the way through freaking history (ATWTFH) have had nightmares about! 3.5%! And rising! And just because Alan Greenspan and the other non-Austrian economist bonehead halfwits bizarrely say otherwise, which is to say that these chumps are the first guys in all of freaking economic history to ever dare to say that inflation at 3.5% was NOT a devastating calamity, it nevertheless is. In spades. It always has been, and it still is, and it always will be.

And, what’s worse, Alan Greenspan and the rest of his non-Austrian buttheads also believe that the actual SOLUTION to economics problems, caused by the creation of too much money and credit, is to have MORE inflation through the expediency of creating MORE money and credit! Of all the solutions, in all the world, this is the only one that is exactly the wrong thing to do, and yet, this is what they want to do! And do, too!

Doug Noland: This Exact Mess

And we Americans, to my dismay and embarrassment, lap this crap up! And we have our major universities conferring Bachelor’s and Master’s degrees and Doctorate degrees to people who actually say this stuff! These guys see nothing wrong! And furthermore, they are absolutely sure that the Federal Reserve can fix it, if there IS something wrong! And when you ask them how this is possible, when every freaking dirt bag government in all of history has gotten itself into this exact mess, because it is so easy and pleasurable to do, when none of them, not even one, zero, zip, squat, even partially, even marginally, even a teensy-ensy little bit, was able to pull it off?

And how is it that we Americans, of all the economies in all of history that have suffered through this, will be the only ones who did not suffer, when all the others suffered horribly over long periods of time, sometimes destroying their very countries? And when you tell them, “The Mogambo thinks you are an idiot,” and then they ask, “Who is The Mogambo?” and then I tell them, “It’s me, you big stupid moron, and you are ugly and you smell terrible, too! Phew! Big stinking moron!” and then they get all huffy like it’s MY fault that they are stupid, and that I am somehow responsible that they have this stupid econometric theory, which they actually believe in, for some reason that escapes me completely, which only proves how stupid they are!

But I am only one man, although admittedly a man with Mogambo Powers Beyond Those Of Mortal Men (MPBTOMM). But even so, I can only do so much. I stand at the street corner, like

this, and yell at people who drive by, “You are not buying gold and silver? Your own Federal Reserve is destroying your money and your buying power, and yet you not buying precious metals? Why? Are you are a stupid moron, or do you just enjoy looking like one? Yeah, I’m talking to YOU, you stupid freaking moron! Yeah, that’s right! I’m talking to you AND your wife! You’re both a couple of morons!” And then THEY get all freaked out like it was, again, MY fault or something that they are stupid!

So if those two people are morons who are not buying silver and gold, who are NOT morons? Well, according to the South China Morning Post, “China is seeing a gold-buying surge as a hedge against the weakening dollar and negative real interest rates,” which also shows that the Central Bank of China is just as intellectually corrupt as our own, and they are forcing interest rates down to below the rate of inflation. It also shows that the average Chinese peasant is smarter than the average American peasant, as the wily Chinese dude is prudently buying gold, whereas the idiot American is not. The paper also reported that, “the gold buying has prompted a booming trade not only in bars, coins and jewelry but also ‘paper gold’, in which the investor does not take possession of the metal, but trades it like other financial instruments.” Paper gold. Hmmmm! Sniff sniff! This smells like the beginning of gold-as-money.

Regards,

The Mogambo Guru
Poitou, France
December 27, 2004