

Remarkably Robust

By [The Mogambo Guru](#)

09/27/04 The Mogambo Guru is challenged to a battle of the wits by a sharp-tongued vixen. Will he blow her mind with wicked tales of the Federal Reserve, or will they walk, hand in hand, down the path toward Economic Nirvana?

There has been a minor flurry of activity around here lately, due to a letter written to The Daily Reckoning about me. A woman, who describes herself as "in her 20s," wrote the letter.

Our young female friend has – I am ashamed to say – seen right through me. Based on her long experience with this kind of thing, this is how she described me: "The nettlesomely verbose, pabulum-spouting, foaming-at-the-mouth Mogambo Moron."

As pretty and angelic as our 20-something reader might be, she ends up sounding like one of the so-called "experts" testifying in one of my sanity hearings. All I hear is "blah blah blah," so my purely reflexive response, honed by years of usage, blurts out of my mouth before I realize it. It is referred to in official court transcripts as the phrase "Up yours, you little egghead pipsqueak!" followed by a very rude hand gesture and wild, maniacal laughter.

She continues, probably based on her many years and of experience and education in theoretical economics accumulated in her long 20-something life, "Despite occasional recessions and forays into the financial doldrums, the American (and world) economy has proven remarkably robust."

Well, I agree that the world economy has proven "remarkably robust," because it has survived, although umpteen millions and millions of people, some of them also in their 20s, in Latin America, the Philippines, Mexico, Argentina, Malaysia, Thailand, Korea, Indonesia, Brazil and a long list of other countries suffered paralyzing losses when their economies collapsed due to their own idiot debtoholic jackass governments pursuing the same debtoholic jackass economic policies that we are following.

Socialist Dogma: Devalued by 98%

And when you adjust all this "remarkable robustness" by the fact that the United States dollar has been devalued by 98% from its par value in 1913, the year that the monstrously evil Federal Reserve was created, you get a wildly different perspective on the meaning of "robust," as I am here to tell you that every cent of that devaluation of the dollar was paid for, all along the way, every day, by lots and lots and lots of people suffering the misery of not being able to buy as much stuff, buying less and less, week after week, spending every dime, but only getting fewer groceries, fewer medicines, fewer clothes, fewer cars, fewer dinners out, fewer everything.

And furthermore, I am afraid that this 20-something woman, despite her obvious genius, confuses the anomaly of the last 54 years with the last 5,000 years. And when one examines that historical record, one finds there has never been an economy that has proven to be sufficiently

"robust" to permanently withstand the kind of economic, death-by-debt stupidity that we are exhibiting. They all failed, probably because they all had populations as greedy and stupid as we are here in America, but certainly because their politicians were as corrupt and stupid as ours. And that is why I wax indignant and incoherent; they destroyed their money, which destroyed their people, and when that happens, the rest of their pitiful individual national histories are not very pretty. And that is exactly, and I mean exactly, the situation that we have right now.

And whither from here and all this robustness? Well, if you had asked Henry Hazlitt, one of the biggest of the big shots in Austrian economics, he could have pointed to a passage of his that reads, "If the welfarist-socialist-inflationist trend of recent years continues in this country, the outlook is dark. It is a prospect of mounting taxation, snowballing expenditures, chronic deficits, a budget out of control, an accelerating rate of inflation of the kind endemic in Latin America (at least for the last generation), a collapse of the dollar, increasing world currency chaos and more and more ruthless price, wage and exchange controls, leading toward a regimented economy and dictatorship. And if this trend is interrupted temporarily, it may be by riots, assassinations and a breakdown of law and order."

Socialist Dogma: The Iron Laws of Economics

But all is not lost. There are also examples of people who have NOT lost their minds after being educated in the American public school system, which exists solely to turn out ignorant little government-obeying robots that think the Iron Laws Of Economics do not apply to us Americans. As evidence of this, another reader who wrote to The Daily Reckoning site said, "America at the moment, with its faith-based currency, faith-based economy and faith-based government, might be a heaven for those who love faith, but it's a hell for those of us that respect evidence." Exactly right! He even quotes a passage from the Bible, namely Proverbs 27:12: "The prudent sees danger and hides himself, but the simple go on and suffer for it."

After I am elected Supreme Ruler of the World (although I am not yet on the ballot in all states), I will amend that biblical section, as the arrogance of the Mogambo knows no bounds, and the Mogambo Version (MV) shall henceforth be known as Proverbs 27:12 (MV): "The prudent sees danger and hides himself in his steel-reinforced concrete bunker and locks the door, whilst surrounding himself with gold, and silver, and commodities, and victuals and many powerful armaments with which to protect the gold and silver and commodities and victuals, and he shall have multitudes of cases of both brewed and sugary beverages with which to slake his thirst, but the simple go on and suffer for it." Another astute reader notes that "Looking at the hard facts of the predicament of the United States in this world – the colossal debt, the profound depletion of resources, the precipitous decline of the industrial base, the demographic challenge – it is difficult to envision how things will work out to create a better correlation of events for this nation in the long term." And the reason that it is difficult is that it is, in a word, impossible, and if you have ever tried to do something impossible, then you realize that it is always very difficult.

And indeed, the United States, for all its "robust" characteristics, is now on the hook for an estimated \$60-74 trillion dollars (depending on whose estimates you are looking at) in discounted present-value dollars, representing both present and future liabilities. This huge bill, which is already bigger than seven times the entire annual gross domestic product (GDP) of the

entire nation and is indeed over twice as large as all the goods and services produced by every nation on the whole freaking planet, is, and will be for the rest of your life, coming due and payable and, even worse, getting bigger and bigger.

And no matter how young you are, there will never be a time in your life when you will not be paying this bill that has been run up. And you are going to pay every dime of that bill, either by suffering higher taxes or by suffering crippling, ruinous inflation. There is no other way, because if there were, then someone along the way through the last 5,000 years of economics history would have thought of it.

So all that crap about a "robust" economy is just that: crap. It has been bought, but not yet paid for.

But I am happy to note that she is still in her 20's, so she will have a nice long life ahead of her to realize her profound error, namely thinking that ridiculous socialist dogma and trust in government all financed by unfathomable debt is not, and has never been, the path to economic Nirvana. It is, and has always been and will always be, the path to economic hell.

Regards,

The Mogambo Guru
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