

Greenspan in the Hot Seat

By [The Mogambo Guru](#)

06/20/05 Alan "Easy Money" Greenspan recently spoke in front of the Joint Economic Committee, answering some questions about the state of the economy. Of course, the Mogambo did not deem his answers acceptable, and our masked economist has a few things he would like to ask himself...

I tried listening to Alan Greenspan flap his lips in front of the Joint Economic Committee, but it was just more of the same. I was actually handling it pretty well. There was some straining against my restraints a few times, and making some pithy remarks, mostly about how they are all liars and idiots and I hate all of them. And some spitting.

So it was just boring until some ignorant putz who was kissing Greenspan's gigantic butt asked, and I am quoting from memory here, "Do you think, in retrospect, that it was a good idea to slash interest rates after the dotcom bust in 2000?" This is where I lost it completely! I wish I could remember who that fat moron was that asked that question, so that I could actually tell you his name and where he was from, so that you would know what state elected this worthless boob.

Questions for Alan Greenspan: The Question He Should Have Been Asked

The question should be, and if I was on the panel this is what I would have asked, instead of his idiotic waste of time, "Do you think, in retrospect, that it was a good idea to produce all that money and credit, especially since 1997, in a stupefying deluge of egregious monetary irresponsibility, which produced the stock market bubble, which then busted in 2000, and caused a lot of misery? Huh? Is that what you think, you little twerp? A lot of people's lives were destroyed, and then the economy was on the verge of being destroyed, and then you had to mercilessly slash interest rates – and the incomes of savers! – ever since to save our stupid butts from destruction! Do you really, really, really think we should thank you for impoverishing tens of millions of small-saver Americans, who save their pitiful little bit of money in Certificates of Deposit and their little savings accounts, by slashing their incomes to almost zero? And your ridiculous economic theories and your preposterous economic models so ruined everything that you had to do it, month after month, and year after year, for five long stinking years! Is some kind of damned thing to be proud about, you filthy stinking pig?" Then I would have jumped over the desk, seized Alan Greenspan by the damned throat and forced a confession out of him.

The only good part was when Greenspan allowed that the whole filthy Federal Reserve exists only at the whim of Congress, and that it can be eliminated at any time, which is an idea that I heartily endorse. I further say, since you were so kind to ask, that the gold that we are supposed to have stored be immediately used to turn the dollar back into gold, as required by the Constitution. Theoretically, gold will have to go to \$5,000 an ounce, and so we let the gold bugs be the new millionaires, who will (and I think I speak for all of us) serve as a ready reference to anybody who thinks that real money CAN be anything but silver and/or gold.

But nobody asked The Big Freaking Mogambo Question (TBFMQ) that I would ask. It goes like this. "Mr. Greenspan, when you came to power in 1987 and took control of the Federal Reserve, the national debt was at \$2.3 trillion, which is (and I am sure that my fellow Congresspersons will agree) a big, honking, pot load of money. But the interesting thing is that now, only 18 years later, the national debt is \$7.8 trillion. You have allowed an almost tripling of the national debt! In 18 years! All by yourself!"

I can imagine the fear in his eyes as he realizes that I am on to his scam. As he licks his lips nervously, I continue. "Now, it is commonplace for all governments to want to spend money, lots of money. In the old days, when the Congress tried this silly crap, the amount of money left for everyone else to borrow to conduct ordinary business would have dried up. So the demand for money would increase, while the supply of money was decreasing. Since you think you are such a big shot economist egghead, then I am sure that you realize that the interest rate would have skyrocketed!"

I can see him sweating bullets, and I mercilessly press the attack by asking, "What would have happened then?" Waiting for his answer, I savor his squirming in his seat, his beady little eyes darting from side to side, trapped like the little rat that he is. Finally, he would start to stammer out something like "Well, umm, well, given that..." At that I would have jumped up onto the top of my desk and shouted, "Shut up! I will tell you what would happen! Everyone would get all mad and write rambling, disjointed and threatening letters to their elected government representative, such as, for example, 'Dear deficit-spending Congressional nitwit, I'm voting against you in the next election! The Mogambo was right! You ARE all a bunch of buttheads! Signed, Angry Voter.' "

Questions for Alan Greenspan: So Why Hasn't Anyone Else Done This?

Leaning forward so that I can stare into his vacant eyes, I continue, "But now, you, Alan Greenspan, think that you have found a way around that, don't you? You think that now that our money is just paper and electronic digits that you have found a marvelous, magical way to let the damn government spend and spend and spend! My question to you, Mr. Alan 'Crazy Al' Greenspan, is the famous Big Freaking Mogambo Question (BFMQ), which is: if this is such a hot idea, how come no other country ever thought of it before?"

Now, if I know Alan Greenspan, he will then turn into a bat and fly away, so you are not going to get an answer from him. So I will tell you the answer to the BFMQ. The answer is that they all DID try that crap, and it ruined every last one of them! Hahahaha! All governments always resort to this money-creation thing at the end, after their previous credit-fueled booms started petering out, and all the friends of the government starting calling up and wanting the government to "do something" to keep the stupid, bloated, misshapen, mal-invested and preposterous economy from collapsing and dying from the cancer that was eating it alive. And what they did was to create MORE money and credit!

And since nobody else in history has ever pulled off this trick, and in fact it destroyed their economies, I must assume that we half-witted American boobs won't prove any more successful at it than any of them.

And it is not just me that is so angry that sparks are flying out of my eyes. For example, Bill Fleckenstein of the Contrarian Chronicles looked at an article by Greg Ip of the Wall Street Journal, who has "explained" the current Fed policy. "Faced with an asset bubble," writes Mr. Ip, "a central bank has two choices: Prick it early or wait for it to burst and try to contain the damage. The Fed in 1929 and the Bank of Japan in 1989 tried...raising interest rates in response to rapidly rising asset prices. The result in the U.S. in the 1930s was depression and deflation. In Japan it was stagnation and deflation that continues today."

So this time, it is explained to us, they decided NOT to try and stop the bubble and speculative excesses, but to let it expand until it burst, and then lower interest rates to try and clean up the big stinking mess! Instead of me getting apoplectic, I will try and sit here calmly, and let Mr. Fleckenstein explain why I am so angry.

"The article and the Fed argued from a false premise to a false conclusion," states Mr. Fleckenstein, "by blaming the American bust of the 1930s and the one in Tokyo in the 1990s on monetary tightening. That is completely untrue. The aftermaths of both were caused by the preceding asset bubbles, precipitated by reckless monetary policies. It is asset bubbles that create the damage, not the small amount of tightening that comes at the end. In fact, I would argue that the tightening didn't end those bubbles. Exhaustion ended them, and the tightening was coincident with the exhaustion phase."

Need I say more?

Regards,

The Mogambo Guru