

# Inflation: A Father-Daughter Reunion

By [The Mogambo Guru](#)

08/21/06

**The Daily Reckoning PRESENTS:** Foreign holdings of U.S. debt recently went up \$8.7 billion – and this is not good news. Our favorite masked economist will explain, below, if he can work through his latest bout of Mogambo Psychonomic Syndrome...

## **INFLATION: A FATHER-DAUGHTER REUNION**

You probably know me for the real peach of a guy I really am. And in the few times per day when I am not, there is always a lot of anger about the mismanagement of the economy, replete with screaming and yelling, the sound of approaching sirens, and sometimes, a lot of spent bullet casings scattered on the ground. It merely adds up to the new psychiatric diagnosis, Mogambo Psychonomic Syndrome (MPS), as recently discovered by Dr. George Ure.

So, when Total Fed Credit went down by \$7.18 billion, I really lost it, MPS-wise. I was running frantically around the living room, dressed in an adult-sized disposable diaper, desperately sucking on this ridiculous pink plastic pacifier that seems, suddenly, to have lost its power to soothe. I was snarling and mumbling something that sounds like: “Mmfmm ngngg gaganm mumm, unh!”

My wife, barricaded behind the couch, was frantically leafing through the Market Laboratory section of Barron’s, hoping to find some good news to calm me down. I can barely hear her, as she is quietly muttering to herself, “No, I better not tell him that the gross national debt is at a new record, up \$8 billion from last week! And if I tell him that consumer installment debt went up \$11 billion in the month of June, he’ll really lose it!”

There was a little rustling of paper, and I heard her whistle softly to herself, “Wow! M2 money supply was down again!” By this time, I am clenching my fists, trying to control my mounting rage. Ripping that stupid little pacifier out of my mouth and throwing it to the ground, I bellowed, “What did you say?”

Nervously, quickly, she stammered, and then called out the first thing her eyes light upon in the newspaper. “Well,” she hesitantly says, “ummm, uh, well, foreign holdings of U.S. debt held at the Federal Reserve went up by \$8.7 billion. So that’s good news, right?”

Initially, my heart was partially melted by the charming little hint of desperate, almost child-like, hopefulness in her voice. But it was, alas, to no avail. I patiently and politely explained, for what seems like the thousandth time in a row, “What? What are you talking about, you silly, stupid Earth woman? The enormity of it all is the ugly, ugly fact that foreigners now get a bigger chunk of America’s money and wealth!”

Obviously working myself into a hissy-fit, I was yelling, “And beyond the Mogambo Paranoia And Xenophobic Hostility (MPAXH) inherent in that basic fact, the worse news is that the money to finance all that this spending, new debt and new credit will be created, literally from thin air, by the stupid Federal Reserve! Do I have to tell you, again, about what horrors await those who allow banks to create excessive amounts of money at their whim? Do I?” Nobody said anything. There is nothing but total silence, as the universe itself bates its breath, awaiting my next move. Birds stop singing. Dogs stop barking. Babies stop crying.

Satisfied, I continued ominously, “And you think that giving a bigger portion of that money to support some rich guys and governments in Europe, Japan, China, or someplace, is some stupid good news or something?”

Still, there was not a sound! Instinctively, my hand slowly started inching toward the bazooka I keep in my shoulder holster, which I admit is not only very heavy and unwieldy, but stupid, too, although it is somehow very comforting in a “raw firepower” kind of way. My fingers were close around the cold steel of the trigger as I said, “Do you comprehend, even remotely, the staggering enormity of America being looted by the Federal Reserve, which is just a private bank owned by a shadowy, semi-anonymous group of people that includes a lot of foreigners, all for the obscenely profitable benefit of these selfsame mysterious foreign strangers? Do you?”

Suddenly, from behind the curio cabinet, my daughter sprang out, put her little fists on her hips, and with a booming voice said, “I, the one known as Daughter-Possessed-By-Demons, know!” I watched, dumbfounded, as she bellowed, “This means that we will soon be taxing ourselves more and imposing roaring inflation on ourselves (which is, actually, just another gigantic tax, in effect) by letting the Federal Reserve create the money to finance the government’s increasing deficit-spending, which is supposed to ‘offset’ the government’s increasing debt without resorting to the alternative of levying taxes. And this increased inflation in the money supply will be followed by horrific inflation in prices. Ain’t that right, Mighty Magnificent Mogambo Moron (MMMM)?”

I was stunned! She’s exactly right! I naturally suspect a trick of some kind. So, cautiously, I test her by leaning forward, looking her right in the eye, and ask in an open-manner, “And...?” She immediately answered, “To support rich foreigners who can’t even speak English without some thick, stupid accent, who drive foreign cars, who marry other foreigners, and who actually live in foreign countries, too! And then, while they are living it up, having a wonderful time spending our American money and eating weird, exotic foods like, oh, I dunno, filet of marmot earlobes or something, we Americans will suffer from crippling inflation in prices as the dollar is devalued to accommodate them in their gluttony!”

For some reason, the shock of hearing my own kid saying this, and all this talk about devaluing the dollar, made me suddenly recall the essay entitled “Vox Populi, Vox Suckers” by Gary North of LewRockwell.com. In the piece, he writes, “The history of the demise of the dollar is the history of the replacement of a gold coin standard with the Federal Reserve System. The decline began in 1914.” I remember thinking to myself, “Huh? Why am I remembering this, and why right now?” Then, I see the wisdom of it when I further remembered that he went on to write, “But it has come in waves of depreciation. We are on the cusp of the dollar’s next great decline.”

I am kind of freaking out here about what the kid and Dr. North are saying about this coming decline in the dollar, and so I was overpowered when she, again correctly, said, “And don’t even get me started on Robert ‘Elliott Wave’ Prechter and that whole Socionomics thing, Pops, where society mirrors the economy, which both break down into a post-Apocalyptic nightmare when the buying power of the currency is destroyed!” Suddenly, the room was silent. I looked at her. She looked at me. Then she said, softly, “We’re freaking doomed!”

Incredulous at these words, I looked at her with wide-eyed in wonder, and asked, “Did you say, ‘We’re freaking doomed’?” She said, “Yes!” Delighted beyond words, I excitedly cried out, “Daughter!” She excitedly said, “Father!” Spontaneously, we rush together, and fall into an embrace of joy, elated at our reunion!

Overwhelmed at the tenderness of this unexpected “father-daughter reunion moment,” I spontaneously blurted out, “I love you! Loan me \$20!” Immediately, out of the blue, she said, “I love you! Loan me \$50!” The actual evidence for what happened next is sketchy, but everyone agrees that I called her a greedy, hateful little snot, some bad words were spoken, and for some reason she abruptly stormed out, shouting, “I hate you! I hate you! I hate you!” None of this is surprised me, as that is how most conversations usually progress around here, usually ending with the old lady starting up with me about my “attitude.”

Until next week,

The Mogambo Guru  
for The Daily Reckoning