

# Let Them Eat Cake!

By [The Mogambo Guru](#)

09/18/06 **The Daily Reckoning PRESENTS:** Surprise, surprise – comments from the Federal Reserve has the Mogambo on the verge of hysteria. Find out what has him in a tizzy, below...

## **LET THEM EAT CAKE!**

I am always depressed when I read about San Francisco Federal Reserve Bank President Janet Yellen. And there was, I am sorry to say, a new item about her on Bloomberg.com, where she “defended the central bank’s pause from two years of interest-rate increases and said inflation may decline ‘faster than many forecasters expect.’”, and that “it appears that the current stance of policy will move inflation gradually back to the comfort zone while giving due consideration to the risks to economic activity.”

My less-than-charitable interpretation is that the Federal Reserve, as exemplified by this horrid woman, is not interested in the welfare of anybody who cannot offset inflation by raising wages or prices. If I call her Janet “Marie Antoinette” Yellen, is she not saying, “The poor, the unemployed, those on fixed incomes? Let them eat cake!”? Or, less satirically, “The poor, the unemployed, those on fixed incomes? The pain of inflation will rise over the coming years, worse and worse every year, but hopefully it will one day stop getting worse and more painful, and so inflation now is okay.”

This philosophy does not, in case you were wondering, work at my house, as I found out when I tried to offset the higher greens fees at the golf course by cutting my family’s one-bucketful-per-day ration of inexpensive (“It’s tastes like crap! That’s why it’s cheap!”) gruel by a lousy pint (about 2%), even though I told them that as soon as I start making the Big Golf Bucks on the PGA tour, they would eat better food.

This, of course, brought up their inevitable observation that I am a dismal failure as a father, husband and human being, which I defended by noting that the Federal Reserve has completely failed in its mission, too, which is to achieve “stable prices.” And we are both (in case you are keeping score) still failing, as inflation is heating up and I cut their damned gruel rations by TWO pints!

The article goes on to say “In her last speech, eight days before the Aug. 8 Fed meeting, Yellen said the current fed funds rate was ‘in a vicinity that is roughly appropriate’ to temper inflation pressures without choking off economic growth.” Hahaha! In short, she says that they are homing in on the mythical Holy Grail of economics! Hahahaha! What an idiot!

On the other hand, this is great, great news, as now I know that the Federal Reserve will believe ridiculous fairy tales and fantasies, like finding an interest rate that will “temper inflationary pressures without choking off economic growth.” I say this because I have a Fabulous Mogambo Magic Amulet (FMMA) that I can sell (for top dollar) to the Fed that will not “temper

inflationary pressures without choking off economic growth”, in case that interest rate thing, you know, doesn’t work this time like it has never, ever worked in the past, either.

The article notes, “New research by John C. Williams, an economist at Yellen’s bank, shows less evidence of the ‘persistence’ of inflation over the past 10 years.” One of her toadying underlings finds “less evidence” that inflation is “persistent”? Hahaha! Either it is, or it isn’t, dude! And the real answer is that it is, and that the Fed has been a miserable, persistent failure for at least “the past 10 years.”

But my eyes bug out in stunned disbelief as she uses this idiocy to say, “Inflation has tended to revert to its long-run average, which, over that period, is within my comfort zone.” Hahaha! What a despicable, loathsome woman! Not only is she an ignorant twit about statistics (in that ALL things have to revert to their long-term averages, unless it IS the average, as that is how the simple mathematics of averaging work), but even beyond that she is saying, “Inflation may be killing you now, and getting worse, but I don’t care because over the next ten years it will come back down!” Hahahaha!

In “Marie Antoinette speak”, that means she is “comfortable” with causing more misery, per year, every year, for those who cannot offset inflation with higher wages or prices because of some mathematical oddity. This is exactly the despicable kind of trashy people who are running the Federal Reserve banking system. And they are, I am extremely sorry to say, all just like that.

To prove it, I have to merely point to a Bloomberg.com news report by Kathleen Hays and Scott Lanman, who report that St. Louis Fed President William Poole said, “The Federal Reserve can be ‘patient’ in considering whether to raise interest rates again, even while inflation stands above the comfort level of policy makers.” His actual remark was “If we believe that we’re headed off in the right direction, then we can be patient and sit there and not create a disturbance in the economy.” Hahaha! What a (to quote Daffy Duck) maroon! Eliminating inflation, that he and his filthy Fed friends have wrought, might create a “disturbance” if they stopped creating inflation? Hahaha!

Or how about Boston Federal Reserve President Cathy Minehan, who bizarrely thinks that inflation comes from oil or something, and not from her and her precious Federal Reserve creating excessive amounts of money and credit. According to Reuters, she actually said, “If energy prices stabilize as is indicated in futures markets, then core inflation will subside.” Hahaha! Morons!

To illustrate how even “low” inflation of 3% is a terror, Money Morning newsletter writes “Over the last seven years, living under ‘benign’ inflation as the Bank of England has the cheek to call it, your wealth has evaporated at the rate of more than 3% every year... turning £100 into just £79.60 by January 2005.”

And don’t get the bright idea that you can just go down there with your shiny Mogambo Ranger Badge (MRB) and gun to arrest them for treason, because bitter experience has shown that bigger guys with bigger badges and bigger guns will come and take them back, and then put ME in jail, like I’m the one that has done something wrong!

Until next week,

The Mogambo Guru  
for The Daily Reckoning