

Moose and Squirrel Economics

By [The Mogambo Guru](#)

09/04/06 The Daily Reckoning PRESENTS: We're sure you're very busy grilling and drinking beer at your Labor Day cookout, but you won't want to miss the latest installment in the Adventures of the Mighty Mogambo. Read on...

MOOSE AND SQUIRREL ECONOMICS

Things just do not make sense to me anymore, and it is that bewildering confusion and “fear of the unknown” that brings out the paranoid and panicky side of me, against which modern pharmaceutical science stands powerless – their expensive nostrums bouncing off of my frantic paranoia like bullets bounce off of Superman's Buns of Steel.

What kind of confusion? Well, for instance, Total Fed Credit was down another \$4.2 billion last week, although credit in the banks is still expanding like crazy, which means, by definition, that debt is still expanding, which means that the money supply should be expanding, but I see that the money supply is not very robust. Confusing.

And, the national debt is still increasing at about \$3 billion per day. It's getting worse every damned day, as if someone actually believes that an always-failed-in-the-past, guns-and-butter fiscal policy is not inflationary and suicidal! Confusing!

But these horrific things apparently mean nothing to anyone except Chicken Little, gold-bug, Austrian-school-of-economic-thought, loudmouth crackpots like me. And indeed, the bigger news seems to be that America's central bank elite, ordinary bankers, underlings, assistants, friends, hangers-on and miscellaneous “others” are/were meeting in Jackson Hole, Wyoming. They meet there for their annual super-secret conference, where I suspect that they smoke crack and gobble ecstasy pills, which would explain the bizarre way that they think, especially that weird “lowering interest rates will fix any problem” idea that they seem fixated upon.

The running joke this year is about whether they see a moose or not, which they jokingly imbue with the oracular power to predict a growing economy. Yuk yuk yuk. And sure enough, we get actual video footage of a sad, sick old moose wandering around out in the distance. I mean, the place is swarming with FBI people, CIA people, NSA people, security people, police people, television crews and noisy whatnot, so it really is a wonder that some desperately sick, old, starving moose will accidentally wander close enough for a cameraman to record the event, to the delight of CNBC.

Then, I heard that Bernanke's speech was not about inflation! It was not about, for instance, the housing bubble that is bursting. Nor was it about the roaring debt problem, both public and private. Nor about roaring global money supplies, nor the falling U.S. dollar, nor the dangerously rising price inflation, nor how they have to soon admit that they are all complete, blithering idiots for believing their laughable economic theory about how lowering interest rates, to encourage

taking on more debt, will always work its incomprehensible magic, or any of that important stuff!

The topic was, instead, some insipid, throwaway blather about “globalization” and how it has progressed surprisingly faster and bigger than any time in history, and that they are all pleasantly confused as to why this happened. They all agree that it is a good, good thing for America, of course, and they are all sure that everything will be simply perfect, perfect, perfect from now on, even though they wonder, you know, why?

At this outrage, I leapt to my feet in anger and ran up to the television screen, and putting my nose so close to the screen that I am sure they must be able to see me, I started yelling, “Why? Do you want to know why globalization progressed so fast and so far, you morons?” That was supposed to be just a rhetorical question, but suddenly the whole family started whining, and the kids are crying, “Mom! Mom! Make him stop! For the love of God, mom, please make him stop!” And my oldest daughter is looking comically heavenward and wailing “O, Death, where is thy sting?”

And then, the wife pipes up and says, “No, dear, we do not want to know why, because we already know why! It’s because of the Federal Reserve, isn’t it?” Before I could admit that it was, she snarls, “Isn’t it? Admit it, you Big Blowhard Mogambo Bastard (BBMB)! Admit that it’s because of the Federal Reserve! Go ahead! Admit it!” And I replied, in my usual Witty Mogambo Way (WMW), “Shut up, shut up, shut up! All of you just shut the hell up!” Then, I ran out, my little heart breaking and my eyes stinging with bitter, bitter tears.

Later, after having a few drinks with my new close friends down at the nearest bar that has cheap, greasy food and cheap liquor (served in greasy glasses), I realized that my wife was right. It was because of the Federal Reserve! But that brought up the odd question: if my family can figure it out, then how come the only guys who can’t figure it out are the Federal Reserve and the guys whose living depends on toadying to the Fed so that they can go to swell conferences and act important and charge clueless clients the big money?” Then I thought, “Maybe they don’t know!”

This is when I hit upon my Fabulous Mogambo Idea (FMI). My idea was to rent a moose suit and go to Jackson Hole. Masquerading as a real moose, I would casually wander up, all docile and cutesy-wootsie-moosey-like, close enough to the conference to get everyone’s attention. Then, I would bellow, really moose-like, “The Spirit of the Moose says: Send me Ben Bernanke!” And then, he would come out and say, “What do you want, moose?” Then, dramatically, I would heroically jump out of the moose suit and shout, in a thick Russian accent, much like Boris Badenov and Natasha, “Ha! It is neither moose nor squirrel, but I, The Mogambo!”

Then, hoping that the camera crews get this on film before the security people get to me, I’d bellow, “The globalization happened because someone paid for it, you stupid dork-face! It was bought and paid for! So, the highly pertinent question from the Spirit of the Moose is: ‘Where do you think the financing for all that unprecedented globalization came from, you big stupid-faced jerk?’”

Then, after a short dramatic pause, I'd continue, waxing eloquent in my moment of glory, "Since you obviously have no clue, I'll tell you! The financing for the whole thing came from the Federal Reserve, you butthead, which created so much excessive money and debt, year after year, so that the government could sell bonds, year after year, so that the government could have an endless orgy of deficit-spending, year after year, and everybody ended up with money! Money to freaking burn, dude! And crippling debts to match! And the money all ended up in the pockets of the rich, as it must, because it is the rich who lend money. The debt ended up in the pockets the poor, who must borrow it!"

Out of the corner of my eye I saw figures sprinting toward me, and so, speaking more quickly, I hurriedly exclaimed, "And then, all the other central bankers around the world were forced to do the same thing, to keep their currencies from getting so strong against a rapidly inflating, depreciating dollar! And all that money, all that mountain of money and debt, was used to expand, expand, expand! There's your damned globalization!"

The next thing I knew, I was calmly explaining in a very loud voice to the FBI men-in-black who were dragging me away into an unmarked black limousine, "Nobody wanted to have the dollar fall, and so that is why the foreign governments created the money to buy up all of those dollars! They devalued their own money, too! We're all freaking doomed! Can't you see that, you ignorant, moron cops?"

At this point, Officer A said to Officer B, "I think he's resisting arrest. Let's shoot the tranquilizer gun at him again!" And I am screamed, "I am not resisting arrest! I'm motionless and handcuffed, you stupid pigs!" Officer B said, "That sure sounds like 'resisting arrest' to me, Officer A!"

But this is not about how the rest of the day is a big blank in my mind, or about moose suits, but about the current Jackson Hole conclave, and how Bernanke is astonishingly reported to have said, of all the things he could possibly have said, "The challenge for policymakers is to ensure that the benefits of global economic integration are sufficiently widely shared." What? I can't believe my ears! What kind of commie/socialist crap is that from a banker? My hands are visibly shaking at the horror!

The phrase "ensure that the benefits are shared" means, of course, "Have the government take money and power from somebody, and give it to me and my friends."

And who are these "friends?" He quickly supplies an answer by saying, "For example, by helping displaced workers get the necessary training to take advantage of new opportunities." Hahahaha! Is this man personally aware of any real success in "training displaced workers" (who are fired only because they cost too much per hour) to take advantage of "new opportunities?" I'm not! Hahahaha!

And the reason is that there are no "new opportunities" to enable the overpaid American worker to make more money per hour than some cheap foreign labor, dude! If there were, then foreign labor would be doing it already! Hahaha!

So, believe me when I say that if there really were “new opportunities” against which foreigners could not compete, then wages would be rising in that industry, and money would be moving there, and there would be lots of shadowy people all over the damned place, furtively trying to get a little of that early action, legal or not.

This is underscored by reader Baldy, who writes that he learned a valuable lesson from the old Bre-X gold fraud. He writes, “When Bre-X was hot and heavy here, I met a young Aussie geologist at rugby, and he said there’s no gold there. ‘How do you know?’ asks I. ‘No illegals!’ he replied.”

Until next week,

The Mogambo Guru for The Daily Reckoning

Mogambo sez: The Big Mogambo Lesson (BML) that one draws from history is that when this latter stage of the boom-bust cycle is reached, people always rushed, more and more, faster and faster, to buy gold and silver, and the price of these metals soared, as people rushed, more and more, faster and faster, away from the inflating currency.

It has happened just like that every time a desperate or brain-dead government committed the same economic sins (SES) that we are committing today. To think that this one time in history, for no reason at all, it will end differently is pure idiocy.

You can tell that I am working myself into one of my “spells,” but before I can launch into another of my tiresome-yet-loud tirades about how stupid people are, and how evil the Federal Reserve is in creating all that excessive money and credit, Sol Palha of Tactical Investor supplies the moral of the story when he says, “Live and think like an idiot, and you will invest and reap the rewards of a moron.”

As a moron myself, I can tell you with some authority that the “rewards” that Mr. Palha thinks we morons reap will, I assume, come in heaven, because I have never seen one.

Better you should “Live and think like a guy who can learn the lessons of history, and you will invest and reap the rewards of the literate,” which, in this case, is to buy gold and silver. And lots of it!