

# A World Without Inflation

By [The Mogambo Guru](#)

07/07/08 This week, our fearless inflation fighter imagines a world without the dreaded 'i-word' – and as it turns out, the implications for the rest of the Sordid Mogambo Lifestyle (SML) are staggering.

From Spiegel.de we read "The Shrinking Influence of the US Federal Reserve" by Gabor Steingart, thankfully translated from the German by Christopher Sultan.

The article starts out with the fact that governments around the freaking world have been creating more and more money, sometimes increasing their money supplies by 50% or more a year. And thus they write, "Nowadays, purchasing power exceeds purchasing opportunity. Most of all, there is not enough oil, and too few raw materials and food products" when compared to the sheer, staggering tonnage of money available with which to buy the aforesaid oil, raw materials and food products.

"This is why," they write, "the price of a barrel of crude oil (159 liters) has increased from \$25 (?16) in 2002 to \$135 (?87) in 2008. And it is also why the price of corn has tripled in the same time period, while that of copper has almost quintupled."

Then I notice Mr. Sultan, the translator, betrays himself as an amateur, as he has mis-translated the original German word SchlagenkopfenMogambobuttkickernBernankedoofusschwein, which (in the original German) is almost homicidally venomous, as merely "Bernanke's personal adversaries" and the innocuous-sounding "Bernanke's critics", when it is obvious that the word means so, so, SO much more, which is why I wrote it in German in the first damned place! Or I would have, if I had written the article, which I did, admittedly, not, but which is beside the point.

Then, apparently rattled by my sudden, uncalled for criticism and my obvious skills in the subtle nuances of the German language, Herr Steingart really gets weird! Listen to this: "If the inflation introduced in the United States is excluded, a small miracle is revealed, namely something approaching price stability." Hahahaha!

Let me get this straight: If you take out inflation from the rise in prices, then prices did not rise? No kidding? Hahahaha! This is too, too much!

But immediately I saw that it was too tempting a technique not to try! I immediately raced home and told my wife that if you take out all the times that I acted thoughtlessly in a conceited, self-absorbed, "me-me-me!" kind of way, and you neglected to count all the times that I was either screaming at, or aloof to, her and the stupid kids, and you discounted all the times where I just disappeared for days at a crack, then it appears that I was NOT a total failure as a husband and father! I'm borderline, damn it! Borderline! I'm still good!

You should have seen the look on her stupid face when I kept yelling at her, "Admit it! Admit that it is true that I am not the worst husband and father the world has ever seen! Admit it, damn it! Admit it! Admit it! Admit it!" over and over, louder and louder.

And then, giving her time to think it over, and still giddy with excitement, I ran to work and barged into my boss's office to tell her, "If you ignored all the stupid mistakes I made, and you forgot all the complaints about me from clients and all the other stupid employees, then I was NOT the worst employee in the whole company! I'm at least borderline! Borderline, damn it! Admit it! Admit it! Admit it!"

Well, as usual, I get no respect from her, either, and all she wants to know is why I am barging into her office in the middle of the afternoon, dressed for playing golf, since I had called in sick this morning? Jeez! See the kind of "let's change the subject" crap I have to put up with every damned day of my damned life? It's like I'm cursed or something!

Anyway, so I go back home, and finish reading the article, where Mr. Steingart goes on, "Adjusted for inflation, prices are in fact rising by only 2.3 percent." Hahaha! I can't help myself! Prices are rising "only" 2.3% above the rate of inflation, after you take out inflation! Hahahaha! Unbelievable! He doesn't say what the 2.3% is, if it isn't inflation, which is kind of funny.

And since we are being funny, I forget where I got this, but " Officials with the International Monetary Fund (IMF) have informed Bernanke about a plan that would have been unheard-of in the past: a general examination of the US financial system. The IMF's board of directors has ruled that a so-called Financial Sector Assessment Program (FSAP) is to be carried out in the United States. It is nothing less than an X-ray of the entire US financial system." Hahahaha!

The reason given is that "Under its bylaws, the IMF is charged with the supervision of the international monetary system." To illustrate the fairness of its request, the article notes, "Roughly two-thirds of IMF members – but never the United States – have already endured this painful procedure."

Painful? Americans? Americans putting up with painful? Hahahaha! Don't make me laugh!

Apparently, we are so screwed up economically that the IMF, an organization of Leftists, socialists, Keynesian-befuddled, fiat-money yahoos and (seemingly) various mental defectives, thinks it is necessary to find out what is wrong with us! Hahaha!

As if Bush, Cheney, the Treasury, the Congress, or the Fed would allow anyone, especially foreigners, to go snooping around and finding evidence of their staggering mismanagement, their unfathomable stupidities, and their unbelievable frauds and corruptions! Hahaha! Too, too much!

Hell, nobody has ever been allowed to look at, much less audit, America's gold (held by the Federal Reserve) since the '50s, or the Fed's books, ever!

But I am supposed to think that, "As part of the assessment, the Fed, the Securities and Exchange Commission (SEC), the major investment banks, mortgage banks and hedge funds will be asked to hand over confidential documents to the IMF team. They will be required to answer the questions they are asked during interviews. Their databases will be subjected to so-called stress tests – worst-case scenarios designed to simulate the broader effects of failures of other major financial institutions or a continuing decline of the dollar." Hahaha!

First we get the outrage of Treasury Secretary Paulson wanting the Federal Reserve to be given huge, new, awesomely sweeping powers to intrude anywhere it wants, and actually manipulate private financial firms (and your money), and now this? Hahaha!

We're freaking doomed! Ugh.

Until next time,

The Mogambo Guru  
for *The Daily Reckoning*  
July 7, 2008

**The Mogambo sez:** I am sure that you have been reading the headlines about how gold, silver and oil led the league, as the saying goes, in the first half, and how everything else was a big, fat loser. Those headlines, plus the preceding sentence, should be more than enough if you are smart, literate or lucky. It will never be enough if you are not.