

# Bernanke Gets it Backwards

By [The Mogambo Guru](#)

03/10/08 It's fairly clear that both inflation and the declining value of the U.S. dollar are closely related to the careless actions of our damnable Federal Reserve. Well, according to Fed Chairman Ben Bernanke, it ain't his fault. This, of course, sends the Mogambo into another one of his tirades about which came first, inflation or the Fed.

I tried to watch Ben Bernanke's question-and-answer appearance before the Senate Banking Committee, but there was Christopher Dodd, chairman of that committee, who is the guy I accuse of being directly responsible for the entire economic mess we are in, as the economic mess we are in is the same kind of economic mess that happens every damned time the banks are allowed to act irresponsibly, and this preening Congressional-doofus was in charge of questioning the head of the Federal Reserve to keep the banks from acting crazy and keeping greedy, corrupt, lying bankers in line. But he blew it, big time, and I shall never forgive Connecticut for electing this bozo.

Almost right off the bat, Bernanke implied that Milton Friedman was wrong, and that the whole Monetarist School of economics was wrong when they said that "inflation in prices is always and everywhere a monetary phenomenon" – which is exactly, exactly right. Instead, Ben "Butthead" Bernanke says that inflation is caused, not by irresponsible over-creation of money and credit, but by rising commodity prices, especially the rising price of oil! Hahaha! What an idiot!

And ol' Butthead says he is on the lookout for signs that the rising costs that producers of goods and services must pay are not filtering through to retail prices, and if he ever sees any inflation, he will take "action"! Hahaha! I can't believe I am hearing this! Hahaha!

This Bernanke dim bulb, who apparently knows nothing about economics at all, was the chairman of the economics department of Princeton (which doesn't say much for Princeton University), and is apparently unaware that Milton Friedman was right; the rise in retail prices is caused by a prior rise in the money supply, which is caused by the Federal Reserve creating excessive amounts of money and credit. High prices, therefore, are the RESULT of the ridiculous excesses of the Federal Reserve, not the cause.

And the proof is simplicity itself; if there is a static supply of money, then the only way for increased sales of one item (thus bidding up the price) to occur is if there are decreased sales of other items (dropping the price), so that aggregate inflation is zero.

But with the money supply growing at over 15% a year in the U.S.A. and as bad, or worse, almost everywhere else in the freaking world, Ben Bernanke is thus a complete idiot when he then (as I recall) said something like, "I fully expect a return to strong growth and falling inflation over the next few years ahead." Hahahahaha!

And nobody on the committee asked the one question that was burning a hole in the brains of Mister, Miz and Missus America, namely, "Why do you believe that? And what is more, how in the hell can anybody be so stupid as to think something so asinine that it makes me laugh so hard that my stomach hurts and makes me grind my teeth in outrage so hard that sparks actually fly out of my mouth from the friction?"

Since nobody asked that question, it was a delicious moment when he then finished saying that remarkable statement and then cast his eyes down; it was then I knew that he knew that I was out here watching him, and he knows that I know that he knows that I am watching him, and now he knows that I know that he has exposed himself as the lying piece of neo-Keynesian econometric crap that I figured he was, which means that he will, again, be the lead-in story in tonight's Mogambo Inter-Galactic News (MIGN) broadcast, with the headline "Ben Bernanke: Lying piece of corrupt, neo-Keynesian econometric trash, or something worse?"

I think you know how I will finish that particular editorial rant!

Until next week,

The Mogambo Guru