

Inflationary Tortillas

By [The Mogambo Guru](#)

05/26/08 Consumers are suffering because the stupid European governments boosted spending for a decade or more, the money financed by debt, and it is all of this spending that has made the purchasing power of the euro to fall. How do we fix this? The Mogambo has an answer.

The biggest laugh I had all week was from Bloomberg.com reporting that “European consumers are ‘suffering as surging food and energy prices erode the value of their wages’, finance officials said” which is not itself funny, but the article immediately goes on that this is “urging governments to boost spending to help the poorest deal with the fastest inflation in 16 years.” Hahahaha!

Consumers are suffering because the stupid European governments boosted spending for a decade or more, the money financed by debt, and it is all of this spending that has made the purchasing power of the euro to fall. And now the governments are going to boost spending some more Hahaha!

But it’s okay, these guys are saying, because it’s “to help the poorest deal with the fastest inflation in 16 years.” Hahahaha! Idiots! As Strother Martin said of Butch Cassidy and the Sundance Kid in the movie of the same name as they went down the mountain to La Paz, “Idiots! I’ve got idiots on my team!”

For example, Jean-Claude Juncker of Luxembourg is quoted as saying, “The least well off in our societies are very seriously exposed to a loss of purchasing power due to the increase of oil prices, of commodity prices and food prices”, which is true.

Then, bizarrely, he says that this inflation-from-too-much-spending makes it imperative that “It’s up to public budgets to react to this loss in purchasing power by helping out the least well off”! Hahahaha!

And how does he suggest we do that? Naturally, anybody with an ounce of brains or education knows that the first thing you do is stop creating more money and credit, which is what causes a “loss in purchasing power” in the first damned place.

Naturally, I figure that since the solution is so simple that it was time to go out for something tasty to eat and something wet to drink, and then maybe take in a couple of XXX-rated movies, but I was wrong, as here comes European Central Bank President Jean-Claude Trichet saying that inflation will remain “high” for quite some time to come, and European Union Monetary Affairs Commissioner Joaquin Almunia saying “We need to do more,” because “Inflation is a socially negative tax on the poorest” people, which it is, and that is why it is so imperative to stop creating more money and credit now not create more, you idiots!

Participating in this Gang of Morons Idiocy (GOMI) is U.K. Chancellor of the Exchequer Alistair Darling, who “cut the tax bills of Britain’s poorest families by 2.7 billion pounds (\$5.25 billion) in a bid to cushion the blow from higher prices”, which is a nice thing to do, especially if you don’t want to overlook the fact that they were taxing Britain’s poorest families to start with, which tells you all you need to know about the good intentions of the British government.

But the horror is that they are NOT proposing to stop creating more money and credit! They were proposing to create MORE money and credit, making everything worse, as we learn to our horror when

Darling said he will “raise government borrowing to finance the decision as slower economic growth curbs tax revenue.”

John Stepek, writing in the Money Morning newsletter from MoneyWeek.com, writes “Gordon Brown’s response to the end of his economic ‘miracle’ is to rattle off yet another succession of bills. You’d think he’d realise that the British consumer is sick of bills by now. But no. The man once laughably described as the Iron Chancellor has thrown off all pretence of fiscal competence and is now flinging money he doesn’t have at problems he can’t solve.”

And speaking of inflationary things that people can’t solve, Christopher Laird of PrudentSquirrel.com writes that “There is a report that 25% of the world wheat crop is at serious risk of a new virulent wheat rust that chokes the wheat before it comes to head. The US has its own concerns over a wheat rust spreading through the Mid West. So, what are the chances of a record grain harvest in 08?”

Naturally, I have no idea about the chances of anything since I figure that neither my marriage nor my career will last until the weekend, and so Mr. Laird gives us a hint. “Just to give an idea of the concern about food,” he writes, “China just spent a \$400 a ton premium on fertilizer that used to cost \$170 a ton Jan 08. It was a huge order. Reason? They are afraid that if they don’t have great harvests this year, tens of millions may starve in 09.”

And in case you don’t care about Europeans but are concerned about the other hemisphere because that is where you live, SteveQuayle.com posted a news.bbc.so.uk story that “The price of tortillas, a staple food in Mexico, are set to rise 18% in the next few weeks, an industry group says”.

This is bad news because “Thousands of people protested against tortilla price rises in Mexico last year” when tortilla prices rose “by more than 10%.”

So, Mexicans rioted at 10% inflation, and now everyone is wondering what they will do about 18% inflation in tortillas? Hahahaha! Welcome to inflationary hell! Ugh.

The Mogambo Sez: Ahh, commodities! Verily I say unto thee; thy gold, thy silver and thy oil sustain me when all others wouldst betray me, as they now betray all those who were tempted by the charms and promises of “invest in the stock market, invest in the bond market, invest in the housing market, and invest in a larger government for the long-term!”

Until next time,
The Mogambo Guru