

Theatre of the Fiscally Absured

By [The Mogambo Guru](#)

10/20/08 It's a good thing Ben Bernanke is an expert on Milton Friedman's theories about the Great Depression. During such difficult economic times, we need the kind of leaders who are willing to print as much money as humanly possible in order to avoid another such catastrophe – hyperinflation be damned! The Mogambo Guru expounds...

I think it is true "Theatre of the Absurd" that Ben Bernanke, chairman of the Federal Reserve, paid direct homage to Milton Friedman and one of Milton Friedman's theories, namely that the Great Depression could have been avoided if the Fed had plowed enough money into the economy, by thanking Mr. Friedman, and admitting that the Federal Reserve had made a mistake in the '30s, and vowing that the Fed would never again make that mistake.

Well, now we have the results of that philosophy, as indicated by the essay "Monetary Stalinism in Washington" by Hossein Askari and Nouredine Krichene and posted at atimes.com. They write, "Monetary policy as practiced by the US Federal Reserve for the past decade is but a form of financial Stalinism, forcing ridiculously low or negative real interest rates, with catastrophic results that are now plaguing the world", such as "pushing housing, food, and energy prices to prohibitive levels, and triggering food and energy riots in vulnerable countries. It has undermined the dollar and made the US highly dependent on foreign financing."

They note that Friedman's theory, and the one that Ben Bernanke has sworn to cling to, is "that if the Fed had injected sufficient liquidity during 1929-1932, it would have prevented thousands banks failing and taking everything else down with them. Therefore, Bernanke is determined not to let that mistake happen again. Consequently, his response to the financial crisis has been a blind and aggressive monetary policy in [the] form of negative interest rates, massive liquidity injection, and massive bailouts, but that they won't make that mistake again."

As to the chances of that succeeding, they write, "It would appear that Bernanke has read a great deal about the Great Depression of 1929-1933 and perhaps very little, or nothing, about the German hyperinflation of 1920-1923", or even, in real time today, how about the horror of Zimbabwe! Hahaha!

Does Bernanke think that monetary inflation produces price inflation everywhere except here in the USA? Hahaha! I don't remember Mr. Friedman saying that!

The funny part is that Milton Friedman is also the guy who said that inflation is "always and everywhere a monetary phenomenon", meaning that higher prices follow an expansion in the money supply.

However, the careful observer will notice that Bernanke is not mentioning this inconvenient fact, since he is busily colluding with the Treasury Secretary and other central bankers around the world to generate horrific inflation through massive expansions of the money supply that will

cause untold misery for billions of people so that they can, in some laughable comedy of low-IQ desperation, ameliorate their tragic incompetence and ludicrous economic theories.

The funny thing, say Askari and Krichene, is that with a fiat currency and the ability to create immense increases in the money supply, “The US economy in 2007 had no resemblance to either the institutional setting of the Great Depression or to the immense role and expansionary stance of fiscal policy. Namely, today, there are institutions that can prevent bank runs, such as the Federal Deposit Insurance Corporation, and the federal and state governments (both relatively far bigger than 1929) are running large deficits that should preclude a deep recession, especially if they adopt appropriate policies”, which is to try and buy their way out by printing money and having the government buy everything in sight, which will fail, and will result in “high inflation and rising unemployment.”

In short, “There is no basis for making sound financial or economic forecasts. No rational entrepreneur can undertake investment plans under such uncertainties. Foreign investors are scared of inflation and a depreciating dollar and are rushing to gold and safer currencies. It is at best a wait and see attitude.”

I am perplexed that I don’t see how foreign investors are “rushing to gold” while maintaining a “wait and see” attitude. But then, there are many, many things I don’t understand, mostly about social graces or why children are so damned clingy, but the one thing I actually DO understand is that this economic bailout stupidity will end badly for everybody that does not have gold and silver, because if there were a way for a government to successfully and painlessly buy its way out of massive indebtedness, then some overly-indebted government before now would have thought of it, too, as they all did the exact same damned thing, and they were all ruined by it, although they tried everything.

Except the one thing that would have fixed everything; immediately adopting a gold-standard money, which is eternal, which is why people who own gold and silver will have a sort of financial immortality, too.

Unfortunately, some other things never change, either, in that government morons and greedy bankers are eternal, too! Hahaha! We’re so freaking doomed!

Until next time,

The Mogambo Guru