

# An Economy at the End of its Rope

By [The Mogambo Guru](#)

06/09/09 Tampa Bay, Florida This week's prestigious Mogambo Award For The Best Sardonic Laugh (MAFTBSL) was provided by Nicoles Michas of the Sparks Report, who suggested that "deflation hawks" love inflation and the sound of hungry children crying, people baking in the heat or shivering in the cold, and these horrible people want lower interest rates and higher inflation since they "don't see any upward significant price pressures beyond food and energy." Hahaha!

Although it is difficult to speak while gritting one's teeth, laughing hysterically and trying not to vomit up blood in sheer anger and outrage, The Heroic Mogambo (THM) rises to the occasion and bellows, "No inflation beyond food and energy! Hahahaha! Relax, everybody! The guys who are afraid of deflation say that you should be afraid of deflation, too, since there is no inflation beyond food and energy! Hahaha!"

And since inflation is the thing I most fear, I knew that I needed money, and fast. So I spent most of the week setting up Step One of my plan, which involved setting up a fall-guy using the DaVinci Code method to find the words "Danny in accounting will loot the employee pension fund" somewhere in the Bible, but it was pretty much a bust.

Discouraged, I found, instead, an email with some clever anagrams, and I found one that seemed to be pertinent to the times, in that nowadays every moron government and all their moronic neo-Keynesian econometric buffoons (who have been the instigators of the economic disaster that has befallen the world, thanks to them and the despicably incompetent Alan Greenspan, former chairman of the Federal Reserve) are so desperate that they are "quantitatively easing" So Damned Much Money (SDMM) that we are, in a nutshell, freaking doomed!

Anyway, the anagram that tickled me is in taking the word DESPERATION and then re-arranging the letters to get A ROPE ENDS IT! Hahaha! It works on so many levels! Hahaha!

An upshot is that all of this "quantitative easing" of SDMM, and the reference to the anagram, is that most of the money that the Fed is creating is used to buy government debt! This increases the national debt, so it is not surprising that Agora Financial's [5-Minute Forecast](#) reports, "Your family's share of the government debt is now over half a million dollars. A record \$546,668, to be exact"!

Naturally, I am thinking that at 5% interest, each family owes, in addition to the \$546,668 principal, a princely \$27,333.40 in interest this year alone!

Fortunately for the government, they do not have to actually tax each family \$27,333.40 this year because the government will just sell more Treasury debt, bought by the Federal Reserve with money they created just for the purpose.

Unfortunately, the family will pay it anyway, except in the form of higher prices as all this new money creates inflation in consumer prices!

The 5 says that they were quoting a USA Today study, which claims that each American family's share rose 12% in 2008. That's \$55,000 in new government debt last year for every U.S. household – thousands more than the median household annual income."

Perhaps as a result of all this bankrupting idiocy, the London Times reported that Treasury Secretary Geithner told the students at Peking University during his visit to China that "we believe in a strong dollar," and that all the trillions of dollar's worth of US debt owned by the Chinese "are very safe."

If he had been addressing the usual kind of American morons that big-shot officials usually address, like the Economics Club of New York, Princeton, Harvard or Congress, then the audience would have sat there, dumbfounded, before applauding politely and saying, "Duuuhhh! Okay!"

But in China, Geithner's speech was greeted with laughter! Hahaha! This shows that the Chinese are very perceptive and not stupid, in contrast to the USA, as this is the kind of response that it really, really, really deserves.

If Mr. Geithner really wanted to act smart, he would ask the Chinese why they have suddenly added their growing hoard of gold to their money supply. And if the Chinese wanted to be gracious hosts, they would have told him.

If he had asked me why I am buying gold, I would have told him, "Because this investing stuff is easy when a Federal Reserve creates 13% of GDP so that the federal government can spend a third of GDP! Whee!"