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Big Ben and the Money Machine, Act II

by The Mogambo Guru

Apparently I am one of the few who appreciates the Theater of the Absurd in the Bloomberg news article that reported "President Barack Obama nominated Ben S. Bernanke to a second four-year term starting Jan. 31", which clearly means that nobody else in their right mind would take the job as chairman of the loathsome Federal Reserve now that we are on the precipice of a Long Period Of Woe (LPOW), and only a clueless Princeton academic (the worst kind!) like Bernanke has the galling arrogance to think that he, alone in all the world's long history of people wrestling with this same problem, will come up with some wonderful plan to painlessly eliminate crushing government debts, crushing personal debts, and crushing business debts, and then everything will be fine again! To this, I laugh "Hahaha!" which is the unmistakable Mogambo Laugh Of Contempt And Ridicule (MLOCAR).

You can hear the contempt in my voice when I rhetorically ask, "And on what does he base this sublime stupidity?" The answer is: The same neo-Keynesian economic trash (nKet) stupidities that got us into this mess: creating excess amounts of money and credit!

Again we hear the MLOCAR, perhaps even more mockingly!

When the repellent Alan Greenspan did this monetary madness when he was chairman of the stinking Federal Reserve 1987-2006, he created enough money to enable huge bubbles in stocks, bubbles in bonds, bubbles in consumer spending, bubbles in houses, bubbles in derivatives, bubbles in the size of government (thanks to the national debt in 1987 being \$2,350 billion growing to \$8,100 billion in 2006 when he left), and constant, simmering, exponentially-growing inflation in the prices of everything.

And he did all of this - and more! - by creating about \$10 billion a month in new Fed Credit, which was, of course, multiplied by the banks and all loaned out, down to the last dime, thanks to their being under the control of the despicable Alan Greenspan and his foul Fed, and thus - thus! - had absolutely no - no! - provision for reserves of any - any! - kind against anything - anything! - going wrong with any - any! - of their loans or depositors!

You can tell by the weird - weird! - punctuation in the preceding paragraph that I am really losing my grip on things, and I am glad that you cannot see the way my lips are comically flapping and the drool of stupefaction runs down my chin when one realizes that the banks making riskier and riskier loans of deposits without maintaining reserves against potential losses, somehow bizarrely believing that by reassembling debt, where the interest rate reflects (among other things) risk, they could make risk disappear! Hahaha!

But this is not the reason for the Screaming Mogambo Outrage (SMO), but the sudden, terrifying Question From Hell (QFH) that is hanging, like the aforementioned drool (some of which is now in my lap) on my trembling lips, as I am sure that it is yours, namely, "How much money must the monstrous Federal Reserve create from now on to accommodate at least \$7 trillion of governmental deficit-spending over the next decade?"

Actually, I was hoping that you would ask me that, because I can tell by the way you are not screaming in fear and outrage that you are ready to know that the news is out that the

federal deficit-spending over the next 10 years is \$9 trillion, every dime of which the Federal Reserve will have to create out of thin air.

But what you may not realize is that this gigantic figure, which is just the borrowing needs of the federal government, which doesn't even include the additional hundred or so trillions more - more! - that will have to be created so that people and businesses can get back to borrowing and spending their little hearts out! And all of this new debt in a country where Gross Domestic Product (GDP) is only \$14 trillion? Hahahaha!

The funniest line was when Obama said, in his nomination, that everyone is all chummy nowadays in Washington, and he calls the chairman of the Federal Reserve by his first name, as in "Ben approached a financial system on the verge of collapse with calm and wisdom", which may be true in the "calm" part of the compliment, but as for "wisdom"? Hahaha!

If he had any wisdom, you would think he would have said something during all those years he was the head of the economics department at Princeton, and then perhaps we would not be in this mess now! Wisdom? Hahahaha!

And if he truly had any wisdom, he would be buying gold, silver and oil, which are guaranteed to shoot to the moon from all of this insanity, which makes investing so easy that one can only say, "Whee!"

But we'll never know, because I can never get through when I call the Fed, and either get mysteriously disconnected or put on "indefinite hold", even after I specifically tell the receptionist "I want to know if Ben Bernanke is buying gold, silver and oil, or is he some kind of moron who actually believes that stupid neo-Keynesian crap that comes out of his stupid mouth instead of believing in the economic lessons of the last 4,500 years?"

So while we will never know about Mr. Bernanke, who is now the collegial "Ben", you can be sure where I stand and why I will be proven right, which is why you can call me The Mighty Mogambo (TMM).