

# Let Them Inflate

By [The Mogambo Guru](#)

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I think that Paul Krugman is one of those absurd guys that has no idea what in the hell he is talking about and who owes his undeserved prominence to being a real butt-kissing sucker-upper to Alan Greenspan and his Federal Reserve, and now he's doing the same thing to the laughable Ben Bernanke and his disastrous Federal Reserve, although I will admit that I don't know why anybody listens to this guy.

I say this with such obvious disrespect because Mr. Krugman is on record as having advised the Bank of Japan to purposely cause inflation, as, **“The way to make monetary policy effective is for the central bank to credibly promise to be irresponsible – to make a persuasive case that it will permit inflation to occur, thereby producing the negative real interest rates the economy needs”**, although he never actually says where he is going to find guys stupid enough to loan money at negative interest rates, or in what bizarre alternate universe he lives where high inflation in consumer prices, particularly sustained high inflation, is anything other than a total disaster, which is why most of economics is concerned with the problem of preventing inflation while fostering growth!

In fact, he thinks that a central bank trying to reflate a collapsing economy should announce a deliberate plan to raise the level of prices (such as the Consumer Price Index) from current low levels to some dramatically higher value (a so-called “price-level gap”) that it would have theoretically reached if a “moderate” and constant amount of inflation in prices had, in fact, occurred! Gaaahhhh!

To make it more Theater of the Absurd, he then says to keep creating more inflation in prices! Gaaahhhh! This is insane! This is beyond insane!

This would be bad enough coming from just another egghead academic dork from Princeton, but **a terrifying quote from Ben Bernanke, chairman of the Federal Reserve, shows that he agrees with this with nonsense!**

In fact, Bernanke said, “A successful effort to eliminate the price-level gap would proceed, roughly, in two stages. During the first stage, the inflation rate would exceed the long-term desired inflation rate, as the price-level gap was eliminated and the effects of previous deflation undone. Call this the reflationary phase of policy. Second, once the price-level target was reached, or nearly so, **the objective for policy would become a conventional inflation target or a price-level target that increases over time at the average desired rate of inflation.**”

This is so dangerously preposterous that one's hands shake in fear and paranoia at the calamity that awaits a nation that takes such ridiculous advice, and there is nothing to be done except to buy more gold, silver and oil, as the last 4,500 years of history have proven that these are the

things that have lasting value, unlike the bitter disappointment and dismay of paper money and “true love.”

Obviously, people do not have to be around me very long before they learn that I am perpetually scared, to one degree or another, of inflation in prices, such as the other day, for example, when I had saved up enough money to have dinner alone at a restaurant so that I could eat one lousy meal without the wife and kids all the time whining and complaining about how they need more money, and want more money, and how they want me to give it to them, and how I am a terrible person for not giving them more money, how I am too stupid to get a better job to make more money and how I am too lazy to get a second job with which to earn more money.

So instead of having to listen to them talk about how much they hate me, I am enjoying the peaceful qualities of the restaurant when a guy seated at the next table sees me eating my steak and asks me how I liked it.

So I told him, “I like it fine, except I wanted lobster! Rich, flakey lobster to dip into real melted butter so wickedly delicious that you can actually hear your arteries hardening from just looking at it; but **I can’t order lobster because inflation in prices caused by the Federal Reserve creating so much money and credit all these years has resulted in the ugly news that they now charge too much for lobster**, and inflation is so bad that some crappy, weak iced tea is almost two bucks a lousy glassful, most of which is ice!”

Out of the corner of my eye, I can see the other people in the restaurant have stopped eating and they are all looking at me. Figuring that they want me to further enlighten them, I go on, “So don’t you ask to me about how I like my steak, when you should be asking me how I like inflation in prices, which I don’t! Not one little bit! And if you weren’t so stupid, you would realize that inflation in prices is the worst thing that can happen to us, and which is exactly what is going to happen to us because the damnable Federal Reserve is creating unbelievable, staggering amounts of money and credit so that the federal government can borrow and spend it in an orgy of deficit-spending that will end badly!”

Well, pretty soon the manager comes over and tries to censor the Heroic And Brave Mogambo (HABM) by telling me to shut up and sit down, although he might have been interested in the actual inflation figures, which are pretty bad!

For instance, producer price inflation shot up 1.8% in June, and it seems especially interesting that the Labor Department figures that the Consumer Price Index rose 0.7% in June, and **although 0.7% does not seem like that much in one month, it adds up to a lot over the course of time**; like for instance, in a year, when this 0.7% *per month* inflation compounds to 8.7% *per year* inflation! Yow!