

Money Creation, Tim Geithner and the Thin Air in Between

By [The Mogambo Guru](#)

01/28/09 Tampa Bay, Florida There was a photo of Tim Geithner, the former Governor of the Federal Reserve Bank of New York who is going to be the next Treasury Secretary of the USA, on the front page of the Financial Times last Thursday, and it is spooky in several ways.

For one, in the photo he is looking directly into the camera, point-blank, which I know that he did on purpose so that I would see it and I could – using my Extraordinary Mogambo Powers (EMP) – look deep into his eyes and thus know exactly what he is thinking.

I can tell that he is thinking, “I know you are out there, Mogambo! I know that you know, and now you know that I know that you know, that I am a weird little guy who has no idea what in the hell economics has to do with anything, and that I am, provably, a total failure if someone takes the time to get up off his or her fat, stupid, trusting butt and walk over to the window and look out at the world that I helped fashion when I was Governor of the Fed bank of New York.”

I gotta give him credit, as he knows my opinion of him to a freaking T! When you consider how the Federal Reserve, which is responsible for the creation of all the money and credit that provided the financing for Huge Freaking Bubbles (HFB) in the stock market, the bond market, the housing market, and in the size of government, it is obvious that the Federal Reserve is a total failure, the Congress ought to disband them and get the United States back to a gold-as-money financial system, presumably with zero leverage, and put all of the Fed Governors and their henchmen, past and present, on trial in a Mogambo Kangaroo Court Of Vengeance (MKCOV) for a quickie “guilty” verdict and appropriate sentencing.

Instead, the Congress confirmed this guy as the next Secretary of the Treasury!

If that is not scary enough, the photograph of Mr. Geithner is worrisome in others ways, such as the way he was handling his microphone, sending the clear message “You see this microphone, Mogambo? Well, if you keep telling people about me, my corruption, my ignorance, and my total failure as a Governor of the Federal Reserve so that the USA and the purchasing power of the dollar are both destroyed, then one of these days a goon squad dressed in black is going to show up at your house and beat you with clubs that are a lot bigger than this stupid little microphone! Hahaha! And anyway, even if what you say is true, you are still a terrible father and husband, and everybody hates you!”

Stung at the cruel, although accurate, comment, my eyes filled with bitter tears and I looked away from the photo, and I am sorry that I did, because my eyes fell upon the terrifying headline that accompanied the photo: “Geithner Vows Credit Action On ‘Dramatic Scale’! Yikes!

In the article, he says that he is going to destroy the credibility of the USA, the purchasing power of the dollar and the economy itself by creating so much, much, much more money and credit so that it will “get risk premia down, interest rates down and get that basic mechanism of credit market going again”!!

Junior Mogambo Rangers (JMRs) around the world (one in America and one in Canada, as far as I can tell) are alerted to my ending that sentence with two exclamation points, indicating special emphasis, which, in this case, is obviously shorthand for, “This guy is a freaking idiot if he thinks that creating money and credit on a ‘dramatic scale’ will solve the problems caused by the creation of money and credit on a lesser-although-still-dramatic scale without producing catastrophic inflation! It’s freaking insane, I tells ya, and it’s enough to cause insanity in anyone hearing it, too, as is proved by my inserting Rude Editorial Comments (REC) in the middle of a freaking explanation of a couple of damned exclamation points!”

I keep looking at the prospects of a trillion dollars of new debt coming our way, and compare that to the measly 100 million non-government jobs in the country, and I wonder how any of these morons can think that anything good can come of the government spending \$10,000 for each of them?

And if the Treasury sells \$2 trillion in new debt, then that is an astounding \$20,000 in federal government deficit spending for everybody who has a non-government job! In one year!

And if, after all of this monetary and fiscal insanity you are not buying gold, silver and oil (and indeed all commodities), then you are made of sterner stuff than I!

And a lot less paralyzed with fear, for which I envy you!