

The Foul Stench of Rotten Economic Theory

By [The Mogambo Guru](#)

04/01/09 Tampa Bay, Florida I am known throughout this galaxy as a guy who “gets things done” with the still-experimental Mogambo Insulting Method Of Pedantry (MIMOP), whereby I instruct pupils in the subtleties of the True Mogambo Way (TMW) by insulting them, mostly by easily ridiculing their intelligence by merely casually noting that none of them own gold and silver when their own stupid government is acting so, so, so irresponsibly as to finance a huge, wildly-expanding, government-centric economy (the federal budget deficit – alone! – is 14% of GDP, for crying out loud!) with vast, terrifying expansions of fiat currency, which they do to offset the bust that is busting after the boom that was booming!

I mean, it’s so obvious that you SHOULD be buying gold, silver and commodities in general and oil in particular, that failure to do so shows either that 1.) You have a “need to fail” because you realize that you are a complete fraud and failure as a human being, probably because your own spouse and kids and family members are always yammering at you about what a failure you are as a son, brother, husband, father, neighbor, relative and some kind of “disturbance in the Force”, whatever in the hell that is, and then you get to work, where all of those hateful morons say the same thing, or that 2.) You are an idiot.

I do not like to dwell on bad news, especially the kind of bad news where the news just keeps getting worse and worse, when I could, instead, dwell on the prospect of having my every dream and far-fetched fantasy fulfilled because the good news is that gold will go dramatically up in price as the buying power of the dollar goes so dramatically down in response to the government’s dramatic deficit-spending of the Federal Reserve’s dramatic creation of the money and credit to pay for it all.

In fact, I was just lapsing over into that fantasy world where the coming price explosion in gold made possible my wife running off with some young guy so that she could, as she so frequently says, “find true love just once in my whole life, instead of being married to a creep like you, which I only do to collect the life insurance when you finally die! Hahaha!” which always makes me smile because I’m pretty sure I cancelled that insurance long ago! Hahaha! The joke’s on her!

But this is not about my pathetic life or any of the hateful people in it, or even about how soon gold will soar so that then I will be able to suddenly quit this boring, stupid job and say, in a Classic Mogambo Moment (CMM), “I quit! I’m only sorry that I was not more successful in embezzling your stupid retirement funds so that I could have left sooner than this! So, goodbye! And now all of you go to hell, ya morons!”

Instead, this about how I discovered a new way to prevent taking responsibility for my actions, which would seemingly come natural to conceited, self-absorbed incompetent coward like me, but it doesn’t.

Instead, I have to use methods developed by others, which makes me excited about the new one propounded by Alan Greenspan, who was the chairman of the Federal Reserve from 1987 to 2006 and who is single-handedly the one stupid bastard who is actually responsible for the economic collapse that we, and the rest of the world, are in.

Anyway, I found this little nugget in his article “We Need A Better Cushion Against Risk” when it appeared in the Financial Times, another laughably desperate “I am not responsible for anything” essay by Alan Greenspan as he rushes to deny his obvious guilt and stupidity in applying monetary policy.

He begins with how it all began, innocently enough, in the balmy days of the 1950s, when a guy named Harry Markowitz at the University of Chicago somehow came up with what eventually became “extraordinary risk-management discipline”, which, as I gather, morphed into today’s “sophisticated mathematics and computer wizardry” that went tragically awry because, as Mr. Greenspan has distilled down to the nub of the issue, it all “essentially rested on one central premise.”

Now, there are many people who are like me, who wonder what in the hell that “one central premise” could be! For instance, could it be the “premise” is that a bunch of idiot-savant university rats came up with economic equations to seemingly quantify normally-distributed risk (“It works under most laboratory conditions!”), thus seemingly allowing everyone to benefit since, with such precision in quantifying risk, borrowers and the insured would pay the lowest prices for loans and insurances because the insurance carrier/creditor could charge less in premiums/interest while accepting a lower yield on investment of the invested premiums/deposits, thus hiking both corporate profits, consumer disposable income and tax revenues, which sounds Mighty, Mighty Fine (MMF) from a “win/win” perspective?

Unfortunately, like most unhinged lunatics who get started on their hate-tinged, anti-governmental rampages of outrage, I loudly launch into how, like most things, this reliance on standard probability theory grew and metastasized into something mathematically malignant and foul, oozing with pus and clotted blood, reeking of variables turned into constants, whereupon these few cancerous equations and theory were then incorporated into other strange economic equations and theory, and then into other bizarre equations and theory, back and forth, a piece here and a piece there, all the time coming up with (in a publish-or-perish world where university eggheads with nowhere to go in private industry are given the novelty of bigger and bigger computers), something new, new, new to incorporate into the model of the economy and thus attain tenure and prestige by developing huge, hideously complex, assuredly-wrong, impossible-to-verify computer models of the financial world with which to “tweak” economic growth that have all failed! Hahahaha!

Hell, just thinking about it makes me laugh, so it must have been a lot of fun to seemingly violate the Laws of Economics with laughable computer tricks like coming up with these econometric models, not to mention the hedonic inflation-adjusting (courtesy of, again, Alan Greenspan, to disguise inflation in prices), off-balance-sheet accounting, derivative schemes and scams of every sort.

But as angry as I am at Alan Greenspan, and as upset as I am that the economy of the world has been destroyed because of him and his pinhead neo-Keynesian econometric trash buddies, I am going to use his own words to, hopefully, save my career!

He says, "It is clear that the levels of complexity" in these "new risk-management techniques and risk-product design" had evolved to the point where they "were too much for even the most sophisticated market players to handle." That's it! Wonderful!

Now, the hard part for me is that I have to keep a straight face while explaining to my boss that I was actually doing a great job, see, everything was fine, better than fine, almost perfect in fact, but that things fell apart only due to their "complexity!" Hahaha! Oops! See what I mean about how hard it is to keep a straight face? Hahahaha!

Or maybe it will be harder to prevent myself from blaming the rest of the executive staff, who are all morons, for the failure, and blame the peasant workers that are always complaining instead of working, spending the day whining about something that I said, or I did, or how I forged their signatures on some papers or something.

Wish me luck!