

The Limits of Economic Garbage

By [The Mogambo Guru](#)

04/30/09 Tampa Bay, Florida I was pretty sloshed as I put another shot of tequila to my now-benumbed lips, but the same thought kept going through my whirling head: Total Fed Credit (also referred to as Federal Reserve Credit), zoomed \$70.3 billion last week! Yikes! \$70.3 billion of new credit appeared, as if by magic, in the accounts of banks in One Freaking Week (OFW)!

And this is not, of course, new money. Instead, this is Fed credit, which the Federal Reserve admittedly creates out of thin air at their whim and gives to the banks, but which BECOMES money when somebody borrows money from a bank.

And how much money can be created out of this Fed credit? Almost unlimited amounts, since the amounts of money that the banks must keep on hand as reserves against this new “unlimited amounts” of new money and loans is, apparently, zero! Hahaha! “Fractional banking” indeed! Hahaha! What a fraud!

And so I look around and wonder many things, such as, “Who the hell is borrowing money? And for what? And why is my butt numb?” As I try to focus my bleary eyes to scan the barroom, all I can see is a bunch of no-account, slovenly, lowlife, bad-tempered, low-IQ losers like me, drinking our lives away in some dingy, cheap bar that is far enough away from the family and co-workers so that I don’t have to put up with any more of their silly crap, and if one of them does stumble in here, I am buzzed enough that I can use inebriation as an excuse to beat the hell out of them for being so stupid that, for instance, they don’t buy gold when their moronic government is committing economic sin after economic sin! Any one of which is more than enough to guarantee economic collapse and total ruination!!

And if you don’t believe me, then go to Mises.org and do a little reading, and then after you have your Moment Of Economic Enlightenment (MOME), get back to me, saying, “Although they never come right out and say it, ‘We’re freaking doomed!’ about sums it up! Now I am buying gold and guns since I have been shown True Mogambo Enlightenment (TME), and now – thus filled with paranoia, panic and screaming outrage – I worship at your feet as a Junior Mogambo Ranger (JMR), where I can but hope that they are not as smelly as I have heard!”

While we wait for you to finish your reading assignment, I did a complete 360-degree turn on that barstool, but I never did see anybody that was borrowing money, since none of them had any, which I surmise from asking each of them to loan me some money, but all of them said they didn’t have any.

But I did notice that all that spinning around made me dizzy! Whew!

Downing another shot to steady my nerves and make “the spins” go away, I happened to notice that the Federal Reserve bought up, for itself, a whopping \$94.5 billion of worthless, toxic crap last week! In One Freaking Week (OFW)!

That is \$3,000 for every non-government worker in America! What a blatant fraud!

I don't know exactly what they bought, but I am sure that it is not only the usual fraud of amassing a clot of U.S. government and agency debt, but also worthless bank securities that they have promised to buy as part of the Fed's efforts to socialize losses by sticking everybody with inflation in prices as a result of such an inflation in the money supply, which is (to use the correct "professional economist" jargon) Off The Freaking Charts (OTFC)!

And speaking of economists, the famous John Mauldin, in his Frontline Weekly Newsletter, has unwittingly agreed with me about something other than that we both agree that I am a know-nothing loudmouth weirdo. Now, he has said just enough so that now I can say, "John Mauldin and I say that" the majority of the halfwits who have been teaching economics, infesting schools with their loathsome ilk, are morons, as all of this economic calamity around the world, spawning unimaginable suffering and losses with much worse to come for a long time yet, took them all completely by surprise, while it was the classical, Austrian school of economics that had long predicted everything.

And now, John Mauldin and I laugh at them all, and we shall wax rich as Croesus, and gluttonously hedonistic so as to outshine Caligula as gold soars, soars, soars to the top of the moon as the dollar falls, falls, falls to the bottom of the toilet as a result of this huge, monstrous final debasement of the dollar of the satanic Federal Reserve creating the avalanche of credit, that creates the tsunami of money, to buy over \$2 trillion in new federal government debt this year alone! Hahaha!

We'll be rich while everybody else is screwed! "It's an ill wind that doesn't blow somebody some good!"

Well, I admit that he did not actually say any of that, but he did mention my name once in a telephone conversation that I treasure to this day ("Hi, John! This is the Mogambo!" and he said, "What in the hell is a Mogambo?" before he hung up).

And he did say almost the same thing, if you kind of read between the lines, when he writes, "We have been teaching generations of MBA students economic garbage. Gaussian curves and things you could model. The classic line is from Ibbitson, is a brilliant professor and a brilliant mind, who said economics is a science. No it's not. It's barely an art form. It's voodoo. That's what we practice." Exactly!

Ty Andros of TraderView.com explains that "neither the Chicago School nor Keynes can explain what is unfolding, and in the Austrian School everything is and has been predictable. Why are the first two considered mainstream? Because in both schools of thought, government is the answer rather than the problem. For the mainstream, the problems can always be solved by borrow, print, lend and spend."

And since we are talking about the abject failure, ridiculous theoretical underpinnings and laughable incompetence of the Federal Reserve, I admit that their performance is not as bad as those laughable institutions that have "School of Government" in their names, when they are,

beyond a doubt, the most incompetent, traitorous bunch of fifth-columnist morons that this country has ever seen.

I mean, for crying out loud, government (federal, state and local) now spends half of GDP! Hell, the federal government alone spends a third of GDP!

And governments now directly support half the population of the Whole Freaking Country (WFC), and employs 1 out of every 7 workers in that selfsame WFC! “School of Government”? Hahaha!

Mr. Mauldin sums it up as, “As we trained a generation to believe they could model, and they did it. They modeled garbage, and now we’ve wiped out a generation of retirement income.”

Well, I would like to amend that to say that people who bought gold have not been wiped out, and if those people are as smart as they seem, then I am sure that they are hanging onto that gold since this is surely the beginning of Something Really Big (SRB)!

Whee! This investing stuff is easy!