

Zombie Economy Feeds on New Money and Credit

By [The Mogambo Guru](#)

03/26/09 Tampa Bay, Florida I thought that I had a pretty good handle on how much “stimulus” money Congress and the Fed have spent so far, ranging, as it does, in the zillions of dollars... So I was taken aback when Addison Wiggin of Agora Financial wrote, “\$7.2 trillion is a lot of money. That’s what D.C. has poured into ‘our’ bailout so far.” Wow!

Trying to keep from peeing my pants in horror, I think to myself, “Hell yeah, that’s a lot of money... Because it is roughly half of everything this country makes in a year! Half of American GDP!” which, unfortunately, ended in “P”, which sounds like “pee”, which was just enough of a subliminal suggestion that... Well, never mind.

But if creating that much money is not enough to scare the piss out of you, too, then consider it just a Mogambo Warm-Up Test (MWUT) to see if your heart is strong enough to take the news behind the New York Post headline “The Fed’s Futile Move” – an article by Dick Morris and Eileen McGann, who report, “the money supply has already expanded by 271 percent in the past five months”! Gaaahhhh! That comes out to a money supply expanding by 650% in a year!

I immediately see that I made a mistake in worrying about YOUR heart, when I just noticed that my own has taken the news very badly, and as I am laying here on the floor, wondering if the newspaper reporter will report whether I am “laying” or “lying” on the floor where I have been killed by the news of the complete suicidal stupidity of Congress and the Federal Reserve, when it occurs to me as I was either laying or lying on the floor that the thing that makes it all so surreal, and which proves that everyone involved in this whole Federal Reserve/Congressional irresponsibility is both insane AND stupid, is that the whole ridiculous idea behind all of this “stimulus” money is the laughable belief that all of this excessive new money and insane amounts of deficit-spending can be removed once the economy “recovers”! Hahaha!

After nervously laughing at such idiocy to hopefully forestall puking up blood in terror, or at least screaming in sheer outrage, my lips curl into a snarling sneer, and with a voice dripping with venomous contempt, I ask, “Recover from what, morons? Hell, the wildly distorted economy has been a walking zombie for decades, animated only by the constant infusions of new money and credit from the Federal Reserve to finance more and more deficit-spending of government, so that the entire economy gradually evolved into a cancerous, warped, mal-invested, misshapen, bloated, disgusting socialist/collectivist monstrosity, built upon the insane economic pillars of government spending for constantly-increasing entitlements, trading financial assets to each other, providing health services to each other, and building huge houses and lots of Starbucks coffee shops! Hahaha!”

In case anybody asked (which they didn’t) I would have ended with, “Everything else that we used, we imported! We stuck ourselves with a trade deficit that regularly exceeded \$800 billion a

year” which means that \$800 billion a year left this country and became the wealth of somebody in some foreign country, who appears to not be very happy to get those \$800 billion dollars because he is saying disparaging things about them, which sounds like, “Wong cho wo hubba bubba go down crapper?” which means, “What in the hell am I supposed to do with all these American dollars that get more worthless every damned day because the stupid American Federal Reserve is creating insanely more of them every damned day and the stupid American government is insanely deficit-spending more of them every day, too?”

I admit that eavesdropping on foreigners whining about the dollar is pretty far from my original complaint, which was that all of this stimulus money will never, ever be withdrawn from the economy because that would mean that the money supply would go down, which is the definition of deflation, and this deflation is what has the Fed and the Congress in such a frightened panic that they are deliberately creating inflation and risking hyperinflation with their unbelievably massive explosions of new fiat money and government spending, which are guaranteed to destroy us a dozen times over, just to make sure that deflation, and the attendant drop in inflated asset prices, doesn't happen! Hahaha! We're freaking doomed!

And yet (notice the way my eyes comically roll around in my head) I am supposed to believe that maybe one day, perhaps after a decade of the government deficit-spending another \$40 trillion or so, they will allow deflation to happen and let all the prices of assets collapse then? Hahaha!

No, no, my darling Junior Mogambo Rangers (JMRs); all that money, and yet still more money from other countries and other sources, will be with us for the rest of our lives, and the inflation in the money supply will show up as higher and higher inflation in consumer prices, which is what will cause rioting when the people realize that they are bankrupted and starving to death because they did not buy gold, silver and oil when their own stupid government started acting irresponsibly, which is, I am sure you will agree, bad news.

The good news is two-fold in that that 1). I will be a shining exemplar of the fat, piggish, conceited, self-absorbed, obnoxiously gluttonous rich guy whose gold, silver and oil have obviously served him well enough to indulge every gutter-level salacious appetite, no matter how revolting, and 2). It will be a lesson everyone else will, hopefully, not forget the next time their government acts like a moron.

Whee! This investing stuff is easy!