

Financial Crises Linked to Central Bank Stupidity

By [The Mogambo Guru](#)

08/30/10 Tampa, Florida – It was an interesting psychological phenomenon when I read where Michael Kosares of USAGold.com wrote, “Private citizen, Alan Greenspan, could afford to be blunt,” but I interpreted it in my Mysterious Mogambo Mind (MMM) to mean, “Private citizen, Alan Greenspan, should be afforded a blunt instrument applied with extreme prejudice to his stupid head, over and over, as he is the moron that, as chairman of the Federal Reserve from 1987-2006, created all the money and credit to finance the now-busting booms in stocks, booms in bonds, booms in houses, booms in derivatives, and booms in the size and cost of governments, and if there is one sorry, worthless bastard who can be singled out as guilty, guilty, guilty, it is Alan Greenspan.”

Well, I am sure you can understand how I could easily make the mistake, and now we are screwed because Alan Greenspan was a lying, slimy little treacherous weasel who could not “afford to be blunt,” but who could afford to keep creating more and more money, gradually destroying the US dollar’s buying power with constant, simmering inflation in prices, so that even the lying US government is forced to admit that \$1 in 1987, when Greenspan took over the Fed, had the buying power of \$1.77 in 2006 when he retired, which is a compounding inflation rate of 3%! Yikes!

Long-term 3% inflation is, as you can probably tell by the expression on my face, outrageous! And it is especially outrageous because the Federal Reserve was created to prevent inflation! Their mission was to preserve the value of the dollar, and Alan Greenspan gave us a cumulative 77% inflation in the 19 years he was in office! Gaaahhh!

Well, Mr. Greenspan has apparently finally gotten some smarts from somewhere, although I don’t know where, and earlier this month he said this month “Our choices right now are not between good and better; they’re between bad and worse.”

Then, to show you that he is still a complete dolt, he said, “The problem we now face is the most extraordinary financial crisis that I have ever seen or read about,” which is so stupid that I laugh in contemptuous scorn with which to ridicule his, you know, stupidity.

The reason that I snarl in contempt is that this current recession is actually nothing –nothing! – compared to the many, many other financial crises throughout history, all of them caused when stupid bankers like him, or governments themselves, were allowed to create too much money, which distorts the whole economy and causes inflation in the cost of consumer goods, like food and energy, and nowadays those yummy little chocolate-covered donuts that we all love so much, but which cost almost 50 cents apiece now.

Apparently, there is more demand for chocolate-covered donuts than I realized, as Mr. Kosares says, “These comments echo a growing sentiment that Americans are up against something far different from the average downturn,” which is weird, because I would have thought that the rising cost of chocolate-covered donuts would not be very important compared to their other problems, such as, “according to the Pew Economic Policy Group, the financial crisis has cost the American people \$3.4 trillion in lost real estate; \$7.4 trillion in lost stock wealth; and 5.5 million jobs.”

Perhaps that is why the piece is titled “The Perils of Unmitigated Positive Thinking,” or perhaps it is how I think that Seneca, 2,000 years ago, anticipates Taleb’s “Black Swan” theory, when Seneca said, as Mr. Kosares quotes him, “You say: ‘I did not think it would happen.’ Do you think there is anything that will not happen, when you know that it is possible to happen, when you see that it has already happened?”

Then Mr. Kosares quotes Fed chairman, Ben Bernanke, who “made a similar point to Seneca’s in a speech before the Council on Foreign Relations in March, 2009 in the wake of Wall Street’s near collapse in late 2008.”

What Bernanke said was, “Financial crises will continue to occur, as they have around the world for literally hundreds of years,” although he should have added “that will result from the repeated stupidity of banks and countries continually increasing the money supply, which distorts the economy in weird, unpredictable booms and makes consumer prices go up, which is the Exact Wrong Thing (EWT) to do, which is a point that you would think would be crystal-clear even to a neo-Keynesian econometric halfwit like me, seeing that mere literacy is required to read the actual, written mission of the Federal Reserve, which is to maintain stable prices.

“But thanks to the incompetence of the Federal Reserve, the dollar has tragically lost almost 97% of its purchasing power since the inception of the Federal Reserve in 1913, making a complete mockery of me and the Federal Reserve, proving that I obviously have no idea what in the hell I am doing, except that I know it is wrong, but I keep doing it.”

Well, I know what he is doing, and I know what I am doing, and I am doing what needs doing because of what he is doing, and what I am doing is buying gold, silver and oil to protect myself against the laughable stupidities of the Federal Reserve continuing to create too much money, and in the process will theoretically make myself rich, rich, rich, at least in the relative sense when compared to the busted-out idiots who persisted in clinging to dollars and dollar-dependent assets.

And anyone can do what I am doing by just also buying gold, silver and oil, which makes it all so easy to do that the greedy, lazy little man inside me cries out, in heartfelt joy, “Whee! This investing stuff is easy!”