

# Is Inflation “Too Low”?

By [The Mogambo Guru](#)

09/29/10 Tampa, Florida – John Mauldin, in his *Frontline Weekly Newsletter*, had a graph of Total Consumer Credit Outstanding, showing that it had peaked at the end of 2008 after running up to almost \$2.6 trillion.

I instantly leap to my feet, howling in outrage because there are less than 100 million private-sector workers in the Whole Freaking Country (WFC), and private-sector workers are the only people that can show a profit, with which to pay debt, by their labors.

“This means,” I go on, “that each of these 100 million private-sector workers must produce enough in profits to pay off, in one way or another, \$26,000 in credit card bills, plus, at an average of 16% interest on the unpaid balance, paying \$4,160 a year in interest charges, too, which doesn’t even start talking about paying off a whopping \$13.6 trillion national debt!”

You can see the look of impatience on Mr. Mauldin’s face as I ramble on and on, as this must all be elementary to him, but it is, as I prove, endlessly fascinating to tragic halfwits like me. Embarrassed, I just shut up and sat back down.

And I am glad I did, because the more surprising thing, and thus more fascinating to guys like me who have intellectual deficits and the associated poor table manners, hygiene, and lack of self-control, was when he went on that Total Consumer Credit Outstanding “had been growing steadily for 65 years until this last recession.”

Being Completely Freaked Out (CFO), I could only admire Mr. Mauldin for his calm serenity, which has allowed him to write that sentence without at least one exclamation point to indicate the importance of 65 years of steadily-growing personal debt! Hell, I can’t seem to write a sentence about it that DOESN’T end with a damned exclamation point, to show you how CFO I am!

Perhaps my agitation explains why I re-wrote Mr. Mauldin’s sentence for inclusion in my quarterly report to Glaxxnorgg, the new overlord of this sector of the galaxy. My excuse is that I was in a rush since I had trouble finding the memo containing the new obligatory salutation for our new hotshot in charge, which turned out to be, if I decoded the message correctly, “Greetings, Glorious and Magnificent Glaxxnorgg, Supreme Overlord, whose wisdom is surpassed only by his good looks, or maybe the other way around, depending on mood and time of day.”

It took a lot longer than I thought to find the misplaced memo, and so, in my rush to beat the nearing deadline, I hastily re-worded Mr. Mauldin’s sentence as, “Earth on Red Alert: Total Consumer Credit Outstanding grew for 65 freaking years in a row, and then it suddenly stopped! Stopped!! 65 years of accumulating a massive, crushing debt of just under 2.6 trillion freaking dollars to buy the massive flood of goods and services that grew an idiotic, distorted, malignant,

cancerous economy based on financed consumption and government deficit-spending instead of production! And now the necessary, lifeblood of new debt has not only stopped growing – horrors! – but is – horror of horrors! – dropping, although by less than \$100 billion a year! These idiot Earthlings are freaking doomed!!”

I am sure that you, as did Glaxxnorgg and Junior Mogambo Rangers (JMRs) around the galaxy, grasped the significance of the plethora of exclamation points, actually ending with two of them, so I shall not belabor the point.

I concluded my report with the summation, “Things are looking worse and worse here because the idiot central banks keep creating money so that their respective governments can borrow it to deficit-spend, and you know how that kind of Really Stupid Crap (RSC) always works out.”

As if to prove the point, I am still in a semi-reclusion defensive position since the last FOMC announcement when the foul Federal Reserve decided that they would make inflation in prices worse because inflation was “too low.”

Inflation being “too low” is, to a guy who has seen the historical record of inflation in prices, means that I am more petrified than ever of inflation in prices, which is the Big Nasty Killer (BNK) of people, economies and countries.

The FOMC statement was enough of a shock to me that I quit working immediately, but fortunately not for Scott Lanman and Joshua Zumbun of Bloomberg.com, who apparently did a little research and found that the Federal Reserve said, significantly, “for the first time, that too-low inflation, in addition to sluggish growth, would warrant taking action,” which is interpreted as taking the Fed “closer to a second wave of unconventional monetary easing” to, as completely un-freaking-believable as it is to even say such a thing, cause higher inflation in prices!

This is outrageous! The “mission statement” for the Fed, and the purpose of the Fed’s very existence, is to keep prices stable! Stable! Meaning no inflation! Gaaakkkk!

That “Gaaakkkk!” was the sound of an original scream of outrage and fear of impending doom from inflation in prices that was suddenly choked off by my suddenly remembering, to my immense happiness, that I can just buy gold, silver and oil stocks!

Their prices will go up and up and up, guaranteed by the deadly resolve of a desperate, deficit-spending federal government and desperate, money-creating insanity by the Federal Reserve to accomplish it.

And with that kind of guarantee, all you do is buy gold, silver and oil, and all you can say is, “Whee! This investing stuff is easy!”