

US Government Redefines “Fixing the Economy”

By [The Mogambo Guru](#)

08/06/10 Tampa, Florida – The keen-eyed [David Galland](#), Managing Director of Casey Research and regular contributor to [The Daily Reckoning](#), notices something amiss.

First he notes, staccato-style for emphasis, “Record total debt. Record government deficits. Record trade deficits. Massive additional government debt financing required to keep the doors open and avoid renegeing on social contracts directly affecting the quality of lives of millions of people around the globe – the US, Japan, and Europe especially.”

Then, in a surprise move, he throws out, with the same punchy style, “Near record-low interest rates,” whereupon he asks, with what I assume is a cynical and mocking tone to his voice, “Anything strike you as out of place?”

Immediately, I instinctively blurt out, “Near record-low interest rates is an anomaly because a nation of deadbeats who can’t pay their debts now should be charged higher interest rates to borrow money to offset the increased risk of non-repayment to the lender, at least, and a little something extra to offset the loss of buying power of the currency due to overproduction of money by the despicably foul and feeble-brained Federal Reserve!”

In my excitement, I had forgotten that I was reading this at work, but was reminded when my officemates shouted out for me to shut up, shut up, shut up, which I, embarrassed, did.

Then I went back to Mr. Galland’s essay just in time to read that the Fed’s “beige book” of economic conditions makes it “clear that the Fed is (finally) beginning to understand the entrenched and endemic nature of this crisis. While the notes are written in shamanic double-speak, the point is clear: members of the Fed don’t expect the economy to get back on track until 2015 or 2016.” Yow!

Five or six more years of this no jobs, higher consumer prices, falling asset prices, higher taxes, lower income, and ruinous economic malaise crap before it gets better? Yikes!

And that’s, of course, assuming it doesn’t get worse and collapse in the meantime, which is exactly what I think will happen, mostly because I am a paranoid, cynical little pipsqueak who doesn’t believe that the horrifying problems caused by the long-term creation of too much money and too much government spending will be “fixed” by creating more money and more government spending.

But maybe “that’s just me,” ya know what I mean?

And it turns out that it might be just a matter of definition! I define “fixing the economy” as “People not living on the streets or in their cars or surviving by eating garbage, rodents, weeds and government handouts to keep from starving to death because there are no jobs, and won’t be for a long time until after they are all dead.”

On the other hand, the Federal Reserve defines it with the incomprehensible and preposterous phrase “to converge fully to its longer-run path as characterized by sustainable rates of output growth, unemployment, and inflation consistent with participants’ interpretation of the Federal Reserve’s dual objectives” of low inflation and low unemployment, which means, with fuzzy criteria like these, “Inflation in the money supply until we die from inflation in prices, or until more people have jobs, whichever comes first, although it won’t be more people having jobs.”

Mr. Galland is apparently not impressed with my gloomy interpretation, and notes that the “simple reality,” as scary as it is, is that the Federal Reserve “is waking up” to, as I put it, the ugly fact that their ridiculous neo-Keynesian econometric idiocy coupled with a fiat currency has allowed disastrous booms to go to extremes so that the entire structure of the economy is so distorted and bloated with cancerous expansions of the money supply and size of government that, as he says, the “structural underpinnings of the economy are damaged beyond any quick or easy fix.”

I admire his optimism, but after a little judicious Mogambo Editing Magic (MEM), I instantly remove all sense of optimism, yielding the sad truth that “the structural underpinnings of the economy are damaged beyond any fix.”

The good news, in the face of all of this terrible calamity, is that you can still buy gold, silver and oil at bargain-basement prices, because at the rate that the terrifying Obama administration and the profoundly incompetent and corrupt Congress are spending money, and at the rate the Federal Reserve is creating the money to finance the spending, inflation in consumer prices is on its way, and these low prices won’t last long!

And then, because you bought at these low prices, it’s, “Whee! That investing stuff was easy!”