

Why “Credible Programs” at the Fed are Anything But

By [The Mogambo Guru](#)

10/14/10 Tampa, Florida – My stomach was hurting, so I decided to take a little time off and soothe the old midsection with a few medicinal brews and a dose of pizza. The reason that my stomach hurt was because I had just read the stupidest economic essay, which was, unbelievably, penned by another lackluster university professor, and surprisingly printed by *The Financial Times* newspaper.

The guy’s name is Michael Woodford, of Columbia University, and whose execrable and totally idiotic piece is titled “Bernanke Needs Inflation for QE2 to Sail.”

He writes, unbelievably, “The Fed should allow a one-time only inflation increase, with a plan to control it when the economy recovers.” Hahahaha!

Hahahaha! Why am I laughing so hard that I am doubled over and actually gagging up pieces of stomach lining? Why? I don’t know where to start! Hahaha!

Wiping the tears of laughter from my eyes, let’s just begin where he began: “The Fed should allow a one-time only inflation increase”! Hahaha! It is so ridiculous to think that the Fed can produce a “one-time” inflation, when the fact is that the Fed has already engineered 50 years of constant inflation, sometimes simmering and occasionally roaring inflation! A “one-time” inflation! Hahahaha!

I can hardly breathe from all this laughing, but He-Man Mogambo (HMM) gathers his strength and with a Herculean effort manages to control the laughing spasm that I know is coming when this dimwit says that the Fed can stoke inflation and then come up with “a plan to control it when the economy recovers”!!! Hahahahahahahahaha!

That last, long laugh is where I really lost it! A plan to “control inflation”! Hahahahahahaha!

Maybe he gets the idea for this stupidity from Allan Meltzer, a professor at Carnegie Mellon U. and a “visiting scholar” at the American Enterprise Institute, and who is regularly invited to attend Federal Reserve functions because he seems to kiss their butts a lot, and as such you don’t expect much, which is just what you get.

He does admit, to his credit, that inflation is the problem, and says that inflation is “another reason the Fed should give up this nonsense about more stimulus.”

If he had stopped there, I would’ve changed Mr. Meltzer’s category on the famous Mogambo Enemies List (MEL) from “Them” to “Us (probationary).”

Instead, he says, apparently anxious to show he has no idea what he is talking about and is ignorant of economics in general and the Austrian school of economics in particular, that instead of more stimulus, the Fed should “offer a credible, long term program to prevent the next inflation.” Hahaha! Another plan!

Hahaha! A “credible program!” Hahaha! It makes you want to scream out, “And just what in the hell would be a credible program to get out of a monstrous monetary inflation that has been raging exponentially for almost 50 years, which produced the economic disaster of constant, simmering inflation and the suicidal growth of a giant, bloated, twisted and disgusting government-centric economy supporting half the population and a bizarre economy based on the continual financing of grubby, childish, insatiable final consumption, so that all debt in the USA now totals somewhere around \$60 trillion (with the federal government having accrued liabilities of at least five times as much), and where the entire freaking GDP is only \$13.5 trillion? Exactly what in the hell is a ‘credible program’ to reverse that kind of horrible, end-stage metastasized cancer? Hahahaha!”

In case you were wondering, as apparently Bigshot Economic Blowhards (MEB) wonder, the only “credible program” in an economy that relies exclusively on creating more and more money out of more and more debt, with which people buy more and more things and the government gives more and more money to more and more people, is different after these kinds of things have gone on too long (two weeks max), like this one that has gone on for Fifty Freaking Years (FFY)!

If you stopped in the first few weeks of money creation and deficit-spending, you could just stop spending to let the Federal Reserve stop creating money. But now, after half a century, the only “credible program” available is to suffer a complete economic collapse, sort of like the collapse of critical thinking by neo-Keynesian econometric economists who got us into this mess by actually believing their own “consumption function” stupidities and then, to our ultimate regret, relying on them.

Of course, this seeming abandonment of common sense is akin to astonishingly believing, like trusting, gullible children, all kinds of silly crap, like believing that it is possible for the population to finance comfortable retirements by investing in the stock market over the long term, or the bond market for the long term, or houses for almost any term, or any combination of the above! Hahaha! And this is not to even mention the tragedy of derivatives! Hahaha! Idiots!

And the silliness doesn’t stop there! For example, Mr. Meltzer laughably says, “The most important restriction on investment today is not tight monetary policy, but uncertainty about administration policy. Businesses cannot know what their taxes, health-care, energy and regulatory costs will be, so they cannot know what return to expect on any new investment.”

Since I am already laughing, it is easy to laugh with Rude Mogambo Scorn (RMS) – Hahahaha! – because the “most important restriction on investment today” is certainly NOT “administration policy.”

Instead, the “most important restriction” is identifying where customers are going to get the money to buy anything!

I mean, if lots of customers show up with cash in their greedy, grubby little hands, and these customers are begging to buy, who cares about taxes, health-care, energy and regulatory costs? Nobody! Simply charge a high enough price, that the customers are obviously willing to pay, to cover all expenses, make a huge profit, give the executive staff large bonuses, buy up competitors, and donate lots of money to the corrupt politicians to make sure that the stupid government doesn't make any new laws that might ruin the cozy racket!

So, if you see this Meltzer guy, you tell him that the Fab Fab Fabulous Mogambo (FFFM) says that “the most important restriction on investment spending” today is that all the customers are up to their freaking eyeballs in debt, staggering under the crushing weight of debt from two insane decades of the loathsome Alan Greenspan at the demonic Federal Reserve constantly creating more and more money to finance bubble economies in raw, naked consumption, insane speculative bubbles in stocks, bonds, houses, derivatives and the cancer-like growth of a treacherous, corrupt system of governments, from local to state to federal, as trillions and trillions of dollars were deficit-spent to add to the orgiastic deluge of tax revenues already pouring in, and then going right back out again as new spending, from the aforementioned bubble economies in stocks, bonds, houses and derivatives spawned by, at the root, the Federal Reserve creating the money necessary!

It's too insane to continue, and so I will just pick up some more gold, silver and oil so that I can make a lot of money on the laughable economic foolishness rampant in the world and the universities, which makes it all so easy that one can only happily say, “Whee! This investing stuff is easy!”