

# Government Spending Screws the Little Guy

By [The Mogambo Guru](#)

04/11/11 Tampa, Florida – [Joel Bowman](#), managing editor of *The Daily Reckoning*, is in Argentina, and it looks like he is discovering that the corruption that comes with creating more money, so that the government can stupidly spend it, is now everywhere, and, indeed, the ugly end result is everywhere, too. In his essay [“The Unfortunate Sate of the Argentine Beef Industry”](#) an Argentine friend of Mr. Bowman’s explains, “as usual, the little guy, the one who the government supposedly set out to help, ends up paying more.” Ain’t that the truth! Hahaha!

I laughed, as I cleverly noted by appending, “Hahaha!” to the end of the sentence, because inflation in prices is the Same Damned Thing (SDT) that always, always, always happens when the government tries to, in one way or another, “help the little guy.”

And yet everybody has a government that just keeps on screwing “the little guy,” by creating more and more inflation in the money supply, that creates inflation in prices, that screws “the little guy” during the process of “helping the little guy.”

Luckily, I can ascertain how much “the little guy” is getting screwed because *The Economist* magazine is within easy reach, and by deftly going to the back page, I scan down the table to see that Argentina has a monstrous 10% inflation in consumer prices, but with three mysterious little asterisks.

“Asterisks? What’s with the asterisks?” I wonder. When I go to the bottom of the page to hopefully find out what these asterisks mean, I find that they mean, “unofficial estimates are higher.” Whoa! Does this mean that Argentina’s government is a corrupt, lying piece of worthless trash like all the other countries in the world, only more so than any other? Hmmm!

Then, curious, I scan up and down the table, and note that none of the other countries in the Whole Freaking World (WFW) have their inflation figures marked with asterisks, even though I am sure they are shot through with lying corrupt crap. So “Hmmm!” again!

In fact, the only other country in that selfsame Whole Freaking World (WFW) that has any symbol attached to their inflation figures, at all, is Britain, so as to note that their 4.0% inflation is the “Centred 3-month average,” which is, I cynically note since I don’t know what it means nor do I care, probably just another kind of corrupt, lying fraud where a lot of people should wind up in prison, too.

So, with that kind of exhaustive, unbiased research on my part, I guess the three asterisks denotes Argentina as being this week’s winner of the Mogambo Biggest Liar Award (MBLA) about inflation. Congratulations!

And my pity to the “little guys” of Argentina who must pay these higher and higher prices, reminding me about the song title, “Don’t cry for me, Argentina,” although I don’t know what that’s about, either.

Then, to expand my fabulous foray into real research, I cast my eye up the page to the United States, and read across to note that inflation in consumer prices is a laughable 2.1%! Hahaha!

Hell, *The Economist* magazine shows that the dollar index of “all items” is up 42.4%, and the latest government report shows that inflation in food and energy is at double-digit rates, for crying out loud!

And, I am loathe to report, it’s going to get worse because the Federal Reserve is still creating money out the ying-yang, which has increased the monetary base by \$73 billion in the last week, which is a rise of 3.1% in One Freaking Week (OFW), and the monetary base is up \$160 billion in the last three weeks, which is an expansion of the money supply of over 7% in Three Freaking Weeks (TFW)! We’re Freaking Doomed (WFD)!

That is why I laugh when Spencer Jakab, writing in *The Financial Times*, writes that, despite acknowledging Milton Friedman’s famous aphorism that “inflation is always and everywhere a monetary phenomenon,” and even after stipulating that “the monetary base has indeed mushroomed,” he nonetheless qualifies it with “in the quantity theory of money, it is not a simple increase in the base that causes inflation. It is an excess supply of money, which is the not the case – not yet anyway.”

I screech, “What? No, it doesn’t! The money goes into government deficit spending! That’s how the government gets money into the damned economy! And I further argue that ‘a simple increase in the monetary base’ is not significantly different from ‘an excess supply of money,’ too, even though you say one will cause inflation and one will not, even though the prices of food and energy are up by double-digits everywhere!”

“So where does the money go?” you ask with that cute little look on your face that melts my heart.

He says, “At the moment, the money shows up as excess reserves on bank balance sheets, for which they receive interest.”

I say, “The money goes into higher prices.”

He does not say to buy gold and silver to protect yourself against the gigantic inflation in prices that is guaranteed by the Federal Reserve creating So Freaking Much Money (SFMM).

I say to buy gold and silver to protect yourself against the gigantic inflation in prices that is guaranteed by the Federal Reserve creating So Freaking Much Money (SFMM).

And while, by his photo, I cannot imagine him saying, “Whee! This investing stuff is easy!” that is exactly what I am saying.

In fact, I'll say it now! "Whee! This investing stuff is easy!"