

Preventing Speed Deflation

By [The Mogambo Guru](#)

06/16/03

Good news.

I finally have an exact quote from Alan Greenspan as to what in the heck he thinks this deflation thing is; this horrible bugbear that is clogging up his mind so much that he cannot even think clearly.

Here it is: “Corrosive deflation, that is a deflation that essentially feeds on itself, creates falling asset prices, which in turn bring down levels of economic activity through the wealth effect, contracting profit margins and a type of weakness which we all at least theoretically conclude is far more of a concern than inflation.”

Right. This apparently means, as Greenspan has said, he cannot see a bubble, either as it is forming or after it has formed, and therefore does not fear a bubble in anything, but that as soon as that bubble-that-cannot-be-seen starts to deflate and bring down those overvalued asset prices to some semblance of normal value, THAT is the exact moment that he finally decides to spring into action and do something about the bubble-that-previously-could-not-be-seen-but-is-now-seen. Namely, keep it inflated!

But that is only half of it. Starting to get animated in my seat and punching the keyboard with more than the usual amount of thinly veiled sardonic hostility, I desperately try and convey the most sarcastic, sneering, disrespectful and condescendingly snotty tone of voice that I can muster from the pit of snakes that currently characterizes my current mental condition when I rhetorically ask, “And just who in the dangit-dang-dog, ding-dong hell IS this ‘we’ that has the guts to stand up and say, in front of people who know better, that they ‘...at least theoretically conclude (that deflation) is far more of a concern than inflation’”?

Deflation: “We” Agree

There may be a “we” that would agree on such a thing, but I sure ain’t in that group. And given the historical record of economists and their ideas, I am not sure that saying that some “supermajority-we” of modern economists has agreed on something can be anything other than alarming.

So who are these “we,” anyway?

I need names here! I want to know the exact names of the people who think that falling prices are a danger, when they have never said that rising prices were a danger! I want to see actual names, addresses and Social Security numbers, and color photographs would be a nice touch too, of the morons who think that prices of things coming down, and thus making them more affordable to

more people, after they have risen so much for so long, is something worse than the inflation which drove prices too high to start with!

I want to see these brain-dead jackasses lined up, shoulder to shoulder, so that Mister and Missus America can get a good, hard look at them, so that we can transfix them with our steely gaze and commit their faces and names to memory on the off-chance that one of them may run for public office one day, like Janet Reno rising from whatever Land of the Undead she lives in, and then we will be able to intelligently and vengefully use our votes against them.

At the end of the day, we have the Federal Reserve saying that inflation and bubbles are good, well, maybe not good, but not so bad that we would actually go out and look for one, and if we did see one we would pretend that we didn't see it, and also that, on the other hand, deflation and lack of bubbles is bad.

Deflation: How Little It Takes to Impress

This doesn't even SOUND like anything that a normal person would say, and yet people are in awe of this, this, this, words fail me here!

Not even in my most manic phase – and I can tell you stories about record-setting manic phases that would make you scream in your sleep for a month – can I come up with an expletive-deleted word or phrase that comes even close to expressing not only my outrage, but my out-freakin'-rage!

On the bright side, if that is all it takes to impress the mouth-breathing, brain-dead, sub-human, commie-think morons that now call themselves Real American Intellectuals, then let me take my cork-cored bat, step up to the plate and take a mighty swing at the same ball, so that I, too, can get a little of this cheap glory! Let ME be on the talk shows! Let ME be quoted in the paper! Let ME get some undeserved honors!

In pursuit of this new goal of mine to also win shallow and fleeting fame and fortune by saying patently preposterous things, let me start off by promising, and note that I am crossing my heart in deepest sincerity, that I will not recognize the danger when I exhort you to exceed the speed limit in your car, and when you are finally going as fast as the engine will allow, I will do everything in my power to make sure that you never have to slow down. In fact, I will make it my personal goal in life to print up higher octane gas, and I will call it "Preventing Speed Deflation: Making Sure It Doesn't Happen Here."

I will not recognize the danger when your children have swum too far offshore, and once they start getting tired out there in the deep, deep water, and if I listen closely I can hear that "Jaws" music, "Buuuuuum, dum! Buuuuum, dum!" I will do what I can to encourage them to just keep swimming – swim, my little darlings! Swim! – and maybe even swim out even farther, but at least stay where they are. Because it is obvious that the children will not drown if they just keep on swimming, then so it is also obvious that encouraging them to keep swimming will save their lives! All they need is a little food and water and amphetamines. I will print up encouraging

slogans, and provide money to produce food, water and amphetamines, and call my program “Preventing Swimming Deflation; Making Sure It Doesn’t Happen Here!”

Deflation: It Won’t Happen Here

Also, I will not recognize the danger when you and your family gets so obscenely fat, tipping the scales at more than two-hundred pounds over your ideal body weights, but I will do everything in my power to make sure that nobody ever loses a pound! I will spend my every waking moment printing up cookies, and I will call it “Preventing Weight Deflation: Making Sure It Doesn’t Happen Here!”

I will not recognize the betting of the entire future of America and Americans on bubbles of ever-increasing shares of stock, nor the debt incurred to buy the stock, or houses, or just anything and everything. Even when the prices paid for financial assets (stocks and bonds) and even physical assets (houses) get to be so completely out of whack with real value that the mind rebels just by looking at it, boinnngggg! So I will do everything I can to make sure that they get even more absurdly priced, by printing up money. I will call it “Preventing Deflation: Making Sure it Doesn’t Happen Here!” Oops. Sorry. This preposterous promise has already been made, so I will just do the first three.

But note, I am doing THREE things, and Greenspan’s Fed is only doing ONE.

So how come I, the real Mogambo, have to live in a dumpster behind Wal-Mart, and Greenspan gets to be on TV? And at night, when I am kept awake from the blinding red dots of laser-sighting scopes being trained on my forehead by government agents, all the time whispering to each other “Do we have permission to shoot yet?” Greenspan probably has government agents posted outside his house protecting him, making sure that nobody gets to do a little zeroing-in of THEIR laser-sighting scopes!

Talk about your asymmetries!

Regards,

The Mogambo Guru,
for The Daily Reckoning
June 16, 2003

P.S. The idea that provably lackluster economists agree on something should, to the contrary, be viewed as a loud klaxon on a submarine blaring “Ah-ooogah! Aa-oogah! Dive! Dive!” Besides, I don’t like that whining wail of, “But Mommy! All the kids say the same thing” crap when toddlers say it, I don’t like it when idiot adolescents say it, I don’t like it when hostile and scary teenagers from hell say it, and I sure don’t want to listen to that crap when the head of the Federal Reserve says it.

Mogambo Sez: As each day goes by, I try and take a moment to look at the world as we know it, and bask in the peaceful and predictable way things are. One day it will be much different. One day soon.