

Worthless Virtue

By [The Mogambo Guru](#)

05/06/04 Mogambo on Monday! In an emotional, heartfelt performance, the great Mogambo discusses the mighty virtues of education, work, thrift and the horrible little misfit in charge of the Fed...

To demonstrate the utter insanity of Alan Greenspan, I present you with this recent quote from the Fed chairman:

“We have, I believe, a reasonably good understanding of why Americans have been able to reach farther into global markets, incur significant increases in debt, and yet fail to produce the disruptions so often observed as a consequence.”

Well, well, well! For the first time in history, somebody has figured out how to amass a crushing debt load and NOT have it destroy the economy! And not only that, but Greenspan thinks he has a GOOD understanding of it! And the answer is...(give me a drum roll please)...market forces! He rhetorically asks, “Can market forces incrementally defuse a buildup in a nation’s current account deficit and net external debt before a crisis more abruptly does so?”

After spending his entire freaking career providing more money and credit so as to finance the world’s all-time record-setting bubbles of debt in every market that you can name, NOW he takes the time to ask if market forces can take care of debt? Hahaha!

Alan Greenspan: Market Flexibility

Don’t you want to know how “market forces” can perform this miracle, when such a towering achievement has eluded every other dirtbag government and every other dirtbag economist and every other dirtbag central bank in the entire history of the world? The answer is “market flexibility!” You heard me! He actually says: “The answer seems to lie with the degree of market flexibility.” Market flexibility! Of course! Market flexibility! Greenspan goes on to say – and I know he is hard to hear over my insane hoots of laughter and cackles of utter contempt – “In a world economy that is sufficiently flexible, as debt projections rise, product and equity prices, interest rates, and exchange rates presumably would change to reestablish global balance...”

My God! Why didn’t I see it before? I slap my forehead in wonder! It all seems so simple when he explains it! In every other instance of the build-up of huge, bankrupting debt in the past, we did not have – let me check that list again – product and equity prices! And interest rates were, of course, completely absent! And let’s not forget that exchange rates were also completely non-existent! So NATURALLY the “global balance” could never have been restored in those bad old days!

Doug Noland of the Prudent Bear website seems to echo my sentiments that Alan Greenspan is a preposterous and incompetent old fool, and the fact that economists are not rioting in the streets

in protest at these comments by this clueless, horrible little jackass who is in charge of our central bank is a damning testament to the stupidity of economists in general and American economists in particular, and it says something pretty ugly about everybody else, too, that he could say such stupid things and get away with it. Mr. Noland says, "History will not be kind. Absolutely no degree of 'market flexibility' will mitigate our financial and economic misdeeds. There will be no painless defusing of U.S. imbalances. There has been no repeal of the Law of Economics. Finance is finance is finance."

Alan Greenspan: Always Destructive, Often Fatal

And that is exactly WHY these kinds of debt and asset-inflation bubbles have never before, in all of history, EVER been "defused" by market forces or anything else. They are always destructive and often fatal. That is why we are supposed to have nightmares about getting into these situations, and that is why the Founding Fathers wrote this thing about money being backed by gold and silver into the Constitution, just so we would NEVER get into this mess...and yet here we are!

With the rise in interest rates, and with the breadth in the advance-decline line of the NYSE now dropping like a stone, and with the ratio of insider selling to outsider buying of shares, and with the negatively toned activity of NYSE Specialists and Members, and with the price of gasoline rising, and with a war, and with history being what it is, and the Laws of Economics being what they are...

The lights suddenly dim, the audience is instantly hushed, and all eyes are upon The Mogambo as he tragically drops to one knee, raises his arm in weary entreaty, and looks forlornly into the distance. With the haunting heartbreak of deep, gloomy emotion dripping from every tortured syllable, he says, "How do I fear thee? Let me count the ways!"

The face of the Mogambo is truly a work of performance art, with the sadness of wretched, aching, loneliness etched in each line and shadow of his manly face. With a voice that trembles oh-so-slightly – audience members later reported that they could literally feel his pain – and a wistful stare, he breathes life into the words of Mr. Noland: "I hope future historians will grasp the essence of what went astray and comprehend that there were poor decisions made all along the way. It didn't have to happen this way. It shouldn't have." And with that, the Mogambo Guru wept.

But the lesson is learned, and I might offer solace to Mr. Noland. I say, "Rest assured, Doug. They will. They will learn, and they will laugh at us, and they will marvel that human beings could, on the one hand, have so virtuously extolled the mighty virtues of education, work and thrift while striving, at the exact same time, to debase the same virtues to the point of worthlessness."

What filthy hypocrites we are.

Regards,

**The Mogambo Guru,
for The Daily Reckoning
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— Mogambo Sez: Take a deep breath. Let it out. Relax. Say “ommmmm.” There is nothing you can do to save us. But the fact that you bought gold and oil and commodities means that you have saved yourself. Be content with that. Ommmmm.