

Danger of Deflation Depends on Your Definition of Deflation

By [The Mogambo Guru](#)

12/06/10 Tampa, Florida – John Mauldin of Frontlinethoughts.com reports that “the number of people on food stamps continues to rise. As of the end of August, a total of 42,389,619 people were receiving food stamps under the SNAP program. This was an increase of 553,379 people over July’s number, or an increase month-over-month of 1.32%.” Most horrifically, “The year-over-year increase was 6,147,762 people or 17%.”

By this time, my heart is breaking from the sheer misery inherent in those numbers, and I am screaming in Loud Mogambo Outrage (LMO) at the damage caused by the Federal Reserve creating so much money for the last few decades that it created bubbles in stock markets, bubbles in bond markets, bubbles in the sizes of government, gargantuan derivatives markets and housing bubbles, all of which are in various stages of panic and loss, all made worse by more people not working and who can’t buy food!

And this does not even mention inflation in the prices of food and energy, which are going up in alarming rates, and I predict will go up Much, Much Higher (MMH) from here, as George Ure at UrbanSurvival.com reports that the energy input we have been receiving from the sun has been unusually low, with the results that “Since we had such a long-lasting solar minima recently, the winter this year is going to be unusually cold.”

I jumped into the conversation to make the witty remark that “So, besides losing wealth in our houses, unemployment at more than 10%, inflation in prices at 2.3% and rising alarmingly, we are also going to be freezing our butts off, too? Hahaha! Perfect! Thanks, Federal Reserve!”

Well, my little joke was a flop, and the “deafening silence” afterwards was embarrassing.

Perhaps my pathetic attempt at humor prompted Mr. Mauldin to relate the classic line where “President Clinton famously remarked about his escapades that ‘it all depends on the definition of what is is.’” Hahaha!

I always liked that particular historical fact, as it obviously proves that Bill Clinton is a lying, corrupt piece of useful-idiot socialist scum, and the fact that he is not in prison or an outcast in society says a lot about us.

I also laugh because I remember the actual time when he said it, and I had immediately used that famous line of Clinton’s with my boss, and said to her, “Hey! Hold on there, toots! It all depends on what your definition of ‘is incompetent’ is!”

Well, she did not laugh at my witty attempt to lighten the mood, and it actually seemed to outrage her all out of proportion, sort of like how inflation in prices makes me Go Freaking Nuts

(GFN) because of the Federal Reserve creating so much money, and thus so much inflation in prices, and thus so much more misery for those who cannot increase their incomes, and especially for those who have no incomes at all.

It turns out that Mr. Mauldin was not merely making a joke, like me, but cleverly ties it into “similarly, whether or not we are in danger of deflation all depends on what your definition of deflation is.”

As witty as that is, I have to admit that I was sulking and purposely did not laugh at his little joke, which did not faze him at all. Instead, he went on, “First, let’s look at the recent headline numbers. What we find is that core inflation, at 0.6%, as well as trimmed inflation (which takes out the statistical outliers and anomalies) are both at post-war all-time lows.”

I know this is supposed to make me feel better, and that we are not, according to official government statistics, doomed to die of inflation in prices which will follow the outrageous inflations in the money supply by the Federal Reserve, although it does not explain how it is that now – for the first time in history – a gigantic inflation in the money supply will NOT be followed by a gigantic inflation in prices that has unforeseen and catastrophic consequences.

As proof, notice that Mr. Mauldin did NOT disavow the possibility of a hyperinflation in prices caused by a hyperinflationary increase in the money supply by the Federal Reserve creating such unbelievable amounts of money so that everyone is bankrupted and the whole economy is destroyed such that only cannibals and cigarette vendors survive, except those holding gold and silver, who have all moved to Hawaii and are having a wonderful, wonderful time consuming everything they see and having a lot of fun..

Well, I am sorry to say that it doesn’t make me feel better, perhaps because I am a paranoid cynic who is sure that all government statistics are lies and all government workers are out to hurt me, if not kill me, the most recent evidence being that my lawn sprinkler, that has lasted all these months, was apparently deliberately tampered with by a person or persons unknown, so that when I picked it up by the attached hose the other day, it broke off! Snap!

I can take some comfort that Mr. Mauldin seems a lot less paranoid and suspicious than I am, and is probably more lightly armed than I am, although he is a lot smarter than me and can see things I don’t see, but to me the fact that official inflation figures being at more than a scary 2% can still be the lowest inflation in 65 years means that we have constantly had persistent, corrosive, debilitating inflation in prices, and higher than 2.3%, for the last 65 years!

Thus, thanks to the foul Federal Reserve, we have constantly been suffering from inflation in prices, which brings up, because it must, a truism from a recent translation of one of the mysterious runes of the Ancient Mogambo Scrolls (AMS), which is “Buy gold and silver when thy government allows the manufacture of excess fiat money. To do otherwise is to be but a pathetic dimwit and a moron, such as the lowly donkey or burro, but without the carrying capacity, and a lot more bitchy.”

There is, at this stage of translation of the ancient texts, no mention of the term, “Whee!” in relation to how easy it is to buy a few ounces of gold or silver (“Here’s my money, put the metal in my hand!”), but there ought to be, and probably will be, knowing Mogambo like I do.

And even if not, “Whee! This investing stuff is easy!”