

# No Stopping the Money Creation Machine

By [The Mogambo Guru](#)

07/29/10 Tampa, Florida – Unemployment is a favorite topic of conversation of late, especially among those who are unemployed. I assume it gives them something to do other than watch their lives going down the toilet as the federal government continues with unbelievable levels of deficit-spending and the Federal Reserve continues to create staggeringly more money so that it can be borrowed by the government and then spent, all of which makes prices rise.

Rising prices is Bad News Enough (BNE) when you *have* a job and your biggest fear is asking for a raise and the boss says “no” which means that you will have to tell your wife, who will think that you are a big, stupid loser, just like her father and mother and all her friends thought, but it is Doubly Bad News (DBN) when you have no income with which to pay the higher prices, and there are no jobs with which to earn some income with which to pay the higher prices, either!

I wish I could help them, and especially help family members, to get good jobs, if only to stave off their pathetic begging for food and wanting to live in my car, but I am too pessimistic to even hope for that, mostly because I know that the root of their unemployment is the result of them being replaced by software or industrial technology, or soon will be, because there is someone out there, right now, working on a computer program and/or a machine that will replace you, too.

And if you don't believe me, tell me what it is that you do that cannot be done by a computer program or a robot? Hahaha! I thought so! Me, too!

In fact, I am sure that the only reason that most of us, especially me, have not yet been replaced is that nobody has gotten around to economically assembling the necessary machinery, or train a monkey, to do our jobs.

Perhaps that dismal jobs outlook – necessary as jobs are for consumption, necessary as consumption is to production, necessary as consumption and production are to the economy – is part of the reason why I spent most of the last week in Mogambo Emergency Mode (MEM).

But mostly, things are getting to be Too, Too Weird (TTW) for me to handle.

Most of the time, I am sitting alone in my Secondary Mogambo Bunker (SMB) in the closet under the stairs, wedged in between a stupid stepladder and a vacuum cleaner poking me in the ribs, thus darkening my already gloomy mood.

And now everyone, including the third of the population that still has not been replaced by robots and can still support the other two-thirds of the population, is in Big, Big Trouble (BBT), just like the Austrian school of economics has been perfectly predicting and which, as it turns out, is now happening.

That alone should send you screaming (“Gaaaahhhh!”) to the exits to buy more gold, silver and oil, but if you are one of those people who wants to know all the little nit-picky details, like the reason for my latest attack of “we’re freaking doomed!” paranoia and panicky fear, it is a speech by Jean-Claude Trichet, the president of the European Central Bank, titled “Stimulate No More – It Is Time For All To Tighten.”

My initial response was to ask, incredulously, “Is this guy serious?” since I have long regarded him as a hopeless leftist/socialist/commie/moron who would end up doing exactly as he did, and ruin everything just like he has, because he thinks that government is supposed to spend its time finding more and more ways to help more and more people by giving them more and more money and more and more benefits.

My second response, thinking that he may actually be serious, is, “Gaaaahhh! We’re Freaking Doomed (WFD)!”

And the reason that We’re Freaking Doomed (WFD) is simplicity itself: once you start down the road of a highly-leveraged fractional-reserve banking system that creates fiat money from debt, you can’t easily stop, mostly because if you try to stop, then you will Die A Horrible Death (DAHD), which is why it is not popular.

And the horrible death will be from deflation, which is when money literally disappears the instant that the underlying debt, which created the money in the first place, is defaulted upon. The debt goes away and the money goes away! It’s just that simple!

This means, in practical terms, that there is less money to support the prices of the remaining pool of assets, so prices of assets go down

For your edification, the exact point at which “it ain’t easy to stop creating too much money” is easy to pinpoint: it’s soon after you start. Very soon after you start, in fact. Practically simultaneously.

In our case, the point at which it was “easy to stop” creating more money and credit was a Long, Long Time Ago (LLTA), a calculation made obvious beyond the need for precision when you realize it was a Half Freaking Century (HFC) ago! Hahaha!

Therefore, we must abandon all hope of ever, ever, EVER stopping the wholesale “stimulating” of economies with fiscal and monetary insanities, which means that since we will not stop creating more money, we will not stop creating more inflation in prices, which is the Big Freaking Problem (BFP) that everyone is trying to avoid, as preventing inflation in prices is the whole purpose of macroeconomics!

I am sure that you were, like me, enjoying a good laugh at the sheer absurdity of trying to tighten monetary policy in the Eurozone, and you were probably thinking that if the president of the ECB has the time to make stupid wisecracks like this, then things are not as bad as you feared.

Suddenly, you are wondering if you have had a stroke, or have been transported to some weird, stranger-in-a-strange-land alternate universe where the laws of physics and logic no longer exist!

You wonder these things, your brain whirling in a panic, because a sudden excursion into La-La Land would explain why you see Mr. Trichet's words, "We have to avoid an asymmetry between bold, if justified, loosening and unduly hesitant retrenchment," but no matter how many times you read it, over and over, you do not understand it! Huh? What?

And the more you mull over the sentence, "We have to avoid an asymmetry between bold, if justified, loosening and unduly hesitant retrenchment," the more you are enlightened to one more reason why, as if you needed any more reasons why, I am always saying to buy gold, silver and oil, and why I say, "Whee! This investing stuff is easy!"