

Are You Safe with Yellen at the Wheel?

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GUALFIN, ARGENTINA – Our annual roundup... or *yerra*... began yesterday.

We go out on horseback early in the morning with our gauchos Gustavo, José, Samuel, and Natalio.

Pedro has a bad back and no longer rides.

The technique is simple: It takes two or three hours to get to the far end of the valley. Then we begin whooping and hollering to drive the cattle back to the corral.

But it is a big field. And the *monte* is full of sagebrush, cacti, gullies, canyons, rocks, and various varieties of undergrowth which the cattle can hide.

We have two fields... or *campos*... of about 5,000 acres each. Yesterday, we did the *campo* to the west of the house. Today we'll sweep the *campo* to the east.

In each, we hope to find about 200 cows and calves.



Bill leads a cattle roundup on the Gualfin ranch

Enraged Bull

The herd is smaller than it used to be. We had to get rid of hundreds of animals during last year's drought.

We try to get the animals in the corral by noon. Then we break for lunch.

In the afternoon, we drive the cows from the corral, one by one, through the chute... or *manga*... where they are locked so that they can be given vaccinations.

Male calves are castrated. Horns are cut off. The young females that will stay on the ranch are branded.

The whole thing is not for squeamish types with Bernie Sanders bumper stickers. And parts of it are dangerous. Driven to aggravation or madness, the cows – or bulls – will sometimes charge.

Once, we were in the pen when an [enraged bull ed for us at top speed](#). Readers would be impressed by how fast a sixtysomething gringo writer can vault over a 5-foot fence.

Another time, on horseback, we chased a runaway bull. Then, at full gallop, we leaned over to lash the bull... the saddle slipped... and we tumbled onto the ground.

Yesterday, Samuel was in the pen when a young bull charged. He darted behind a post. But the bull circled the post fast and caught him on the leg.

In a cloud of dust, Samuel ran to the stone wall and hoisted himself over, with the bull hard on his heels. Today, he walks with a limp.

We'll report more on this year's *yerra*... tomorrow.

Ticks on a Dog

Meanwhile, we comment on Fed chief Janet Yellen's revealing speech at the University of Michigan. Bloomberg:

"Before, we had to press down on the gas pedal trying to give the economy all of the oomph that we possibly could," Yellen said Monday in Ann Arbor, Michigan. The Fed is now trying to "give it some gas, but not so much that we're pushing down hard on the accelerator." [...]

"The appropriate stance of policy now is closer to, let me call it neutral," Yellen said in response to questions during an event at the Gerald R. Ford School of Public Policy at the University of Michigan.

Yellen said she expected the economy to continue to grow at a moderate pace and that gradual interest rate increases "can get us where we need to be."

Every society is ruled by an elite. They prey upon the common folks like ticks on a dog. They work their way into positions of power and influence, using a combination of brains, connections, and claptrap.

The mob generally looks up to them, impressed by the hocus pocus. And then, eventually, the ticks grow too many and too fat. The poor dog weakens... and the magic fails.

Where exactly we are in the process, we can't be sure. But surely, we took another step toward the eventual catastrophe when Ms. Yellen spoke.

Everything she said was preposterous.

No Oomph

The economy is not growing at a "moderate speed."

If it is growing at all – it depends on how you calculate consumer price inflation – it is doing so only at stall speed.

Officially, per capita growth is less than 1% a year. What kind of "oomph" is that?

Nor is the Fed neutral. How can you call a federal funds rate that is more than 100 basis points below the inflation rate "neutral"?

It is nothing of the sort. Ms. Yellen says she is “pressing down on the gas pedal.” There’s nothing “neutral” about that.

People who don’t respect the logic of their own metaphors are sometimes lazy thinkers.

Sometimes they are mixed up. And sometimes they are just blah-blah-blahing for the fake news media and the yahoos who believe it.

Ms. Yellen thinks the economy runs like a machine. If it is sluggish, it is up to her and other Fed engineers to press down on the accelerator. If it is running too fast, they ease off.

This metaphor is clearly absurd. If she and the Fed could increase the speed of the economy simply by pressing down on the gas pedal, what are they waiting for?

There are 66 million working age Americans without jobs.

Hey, why not give them a little gas?

Wealth Destroyers

Also, Ms. Yellen says she aims to get the economy “where it needs to be.”

But how does she know where it needs to be?

An economy is not a machine. And it never needs to be anywhere. It simply is where it is.

The authorities can slow it down with silly rules and regulations. Or they can mislead it with phony interest rates and fake money.

They can also force people into win-lose deals that waste capital, retard wealth building, or in some cases – the Soviet Union from 1917 to 1989, Germany from 1937 to 1945, China from 1949 to 1979, Venezuela from 2001 to 2017 – they even send the whole economy into reverse.

Self-respecting witch doctors and fortune tellers look at Ms. Yellen with contempt. She can make the economy worse. She can’t make it better.

Regards,

A handwritten signature in black ink that reads "Bill Bonner". The signature is written in a cursive, flowing style.

Bill

Editor’s Note: Do you have what it takes to work with Bill Bonner?