

Here Comes the Story of the Hurricane

By [The Mogambo Guru](#)

11/28/05 Something strange is afoot...and no, it's not just the Mogambo wandering around the streets with a sandwich board that reads "The End is Near." It seems that public sentiment regarding the state of our economy is beginning to sway...

Recently, something happened that really weirded me out. My wife gets home from a business trip and hands me a copy of USA Today. Naturally, I figure that they have discovered my awful secret, and I am being exposed for the lying and deceitful fraud that I am – and now all is lost and my life is completely ruined.

But to my immense relief, it was not about me at all! Instead, on the front page, the headline read, "As Social Security surges, and Medicare takes off, the deficit will soar. The Result: 'Fiscal Hurricane.'" The byline showed that it was written by a guy named Richard Wolff. Although both of our names are Richard, we are entirely different people, although I secretly wish my name was Wolff, only I'd spell it with one 'F'. So, I would be Richard Wolf, mild-mannered reporter for The Mogambo News, and then when people want to know why I am grabbing them by their nasty little throats in my anger about their irritating, aggravating stupidity, I can say, "Hell, my name is Wolf! What in the hell did your stupid client think was going to happen, you ugly moron?"

Anyway, my wife (who prefers that I refer to her as my "lovely wife", and not "plaintiff") always gets a free copy of USA Today wherever she stays on one of her "business trips." After all this time, she considers herself somewhat attuned with USA Today and the type of stuff they write about on their front page, and so, she says that she was very surprised to see this kind of article on the front page.

Now, dramatically, the scene changes. Suddenly, I am in this big merry-go-round with the postal carrier, who has a "package" for me. Naturally suspicious of packages, I take cover behind the hedge and make her open it, and that is when I find out that it is just a copy of the Sacramento Bee newspaper! With a sigh of relief, I find also included was a note from Roger of the Rocklin Coin shop, with a cheery: "Finally, front page for the first time...FISCAL TRAIN WRECK." I know what you are thinking; you are thinking: "What? No exclamation points?" And you would be right! Roger must have known that I was going to take points off for not concluding with exclamation points, as the subject matter and sentence construction certainly called for it! And look! Notice how I am using them to great effect right now!

But he, like everybody else, knows that I am easily bribed and have no shame, so he cleverly covers his bases and closed his note with: "Have a silver eagle on me!!" Which, included two, count 'em, two, exclamation points! He also enclosed a shiny new silver dollar, too, which I kept and have on my desk right now, which I like very much because it is nice and shiny and bright.

Fiscal Train Wreck: Nothing Worth Owning but Gold

But what a coincidence about this "fiscal hurricane" thing, huh? Beyond these two people delivering hard copy, lots of other people are sending it to me, too, in my e-mail! They want to make sure I saw it. I would have had to have been freaking blind not to see it, because it seemed to be everywhere on the Internet. This is the kind of effect that this unusual front page of USA Today has. And this is how public sentiment is subtly altered, leading to that dramatic moment in the future when you wake up in the middle of the night, drenched in sweat, because you suddenly realize that something has changed.

Or maybe it has something to do with, according to an alert reader, physics. "In chemistry," he says, "there is a term called the eutectic point. This is where a compound can no longer remain in its current state due to environment surrounding it. Be it gas, liquid, or solid, it must change due to temperature, pressure, gravity, etc." Relating this to gold, he says, "The converging lines only indicate that the conditions which influence the gold price have reached a point where something has happened and the price must change." So, being the dimwitted guy that I am, I meekly ask, "So does this mean I should buy gold?" His thunderous reply? "There isn't anything else worth owning, but gold!"

But we were not talking about gold, but about this watershed USA Today event. So, what was in this amazing article? Well, not much. The same old stuff about how we are freaking doomed. Everybody ignores the poor old Mogambo, ranting like he does, but they will listen to a guy named David Walker, just because he is the comptroller general of the United States. He said, without even a hint of hyperbole, "We face a demographic tsunami," that, "will never recede." Mr. Wolff, taking my ideas and twisting them around until they finally make sense, paraphrases Mr. Walker as saying that the United States is like, "Rome before the fall of the empire."

Fiscal Train Wreck: Gloom and Doom

Mr. Walker goes on to say, "Our financial condition is 'worse than advertised.'" He calmly explains that we face huge deficits in our budget, balance of payments, savings – and "leadership." Man! I heard that! Our leadership is so brain dead that they are leading us down the rocky road to ruination and really rough riding, which is today's gratuitous installment of a Mogambo Pointless And Stupid Alliteration (MPASA).

Well, it was the same gloom-and-doom stuff that I have been screaming about for years and years. I've been fearfully explaining to mental health professionals why we are freaking doomed, how they ought to let me go, and then we could all go out and buy a lot of gold and make a whole huge pot-load of profit when the dollar implodes. But the article does not even mention The Mogambo one damned time. Instead, we read about some guy named Douglas Holtz-Eakin, who is the director of the U.S. Congressional Budget Office, and he admits to being "terrified" about the budget deficit in coming decades. Then comes Maya MacGuineas, president of the Committee for a Responsible Federal Budget, who sees a future of, "unfunded promises, trade imbalances, too few workers and too many retirees." She figures that the stock market will fall, assets will be lost and we will all suffer a lower standard of living. She mercifully stops short of predicting the ensuing rioting of the desperate people, and the wailing and bellyaching for government help, and cries of, "gimme, gimme, gimme!"

Now you may be wondering what she means when she refers to a "lower standard of living." Well, for us old-timers, Stuart Butler, of the conservative Heritage Foundation, projects that the government has to "renegotiate" the Medicare, Social Security and Medicaid programs, which means smaller checks for everybody. This certainly falls under the heading of: "lower standard of living!" This may sound like nothing to you, but let me tell you that once the multiplier takes over, it is going to be a sizable whack to the head of the economy, which is, in German, probably something like: grosse kopfschlag uppensiden ekonomie gewhacken oof!

Regards,

The Mogambo Guru
for The Daily Reckoning

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******Mogambo sez:** If you needed any more reasons to buy gold, let me quote Gary North of the Reality Check newsletter for another on, "I think a squeeze is coming that will affect the entire banking system," he writes. "The madness of bankers has become unprecedented." So keep on buying gold, silver and oil – as much as you can carry.