

The Declining Quality of Dollar Menus

By [The Mogambo Guru](#)

06/09/08 With food prices soaring, you'd expect to see those "Dollar Value Menus" at fast food restaurants begin to disappear. Well, guess again. Apparently they're here to stay. But don't expect to get exactly what you used to. The Mighty Mogambo explains...

Speaking of inflation, Michael Pento of Delta Global Advisors reported that McDonald's, the fast-food giant, "stated it has no plans to tamper with its highly successful dollar menu, which accounts for 14% of the company's sales."

Naturally, Junior Mogambo Rangers (JMR) everywhere laugh mirthlessly at the concept that McDonald's, or anybody else, would sacrifice profit by not raising prices to offset higher costs.

Mr. Pento is careful not to agree with me about motives or anything else I say, and writes instead that the problem of higher priced food is becoming universal, as "Indeed, the price of food ingredients has risen sharply in recent years. Since the start of 2006, rice is up more than 200%, wheat more than 130% and corn has increased 125%. Meanwhile, the World Bank has stated that average food prices are up 250% since 2002." Yikes!

To show you how things really work in the real world, Mr. Pento says that nobody is sacrificing profits, as "In the case of McDonald's, it may be necessary to reduce the quantity or quality of items on the dollar menu in order to maintain the price." Hahahaha! No fooling? Hahaha!

In the old days – at this rise in food costs, thanks to the blatant assault on our currency by our own Federal Reserve – we would have rallied behind a charismatic leader such as the Charismatic Leader Mogambo (CLM), and made a big fuss about the outrage of charging the same price, but delivering less quantity of a lower-quality product! A double affront!

And the newspapers, and radio news, and television news people would have all given it extensive coverage, with powerful headlines that boldly declared "The Brave And Handsome Mogambo (TBAHM) Is Right: We're Freaking Doomed!" accompanied by strident editorials to immediately abolish the Federal Reserve and return to a gold-standard economy, as required by the Constitution, but which the corrupt FDR, and the corrupt Supreme Court in 1933, and upheld by every corrupt Supreme Court since then, has ruled to be invalid!

Instead, my loud and righteous denunciation of FDR, the Federal Reserve, Supreme Courts, inflation in burgers and lack of a gold standard as required by the freaking Constitution got just a tiny little blurb at the bottom of page 19 that reads "Police Confront Local Lunatic". And they spelled my name wrong, too.

But the point remains; we are paying for every dime of inflation in prices, either by higher prices, by smaller portions, or by cheaper ingredients, usually all three, and more, such as food

companies trying to invent a tasty way to make us consume industrial chemicals directly, instead of just adding them to our food.

But even that is getting to be more expensive, as the Wall Street Journal reports, "In a move that may fuel inflation in consumer goods ranging from plastic wrap to diapers to food, Dow Chemical Co. said it will boost prices of its products by as much as 20% because of soaring energy prices." Yikes! A 20% rise in prices!

This is especially significant to Dow Chemical, as it is "one of the largest chemical manufacturers in the world" that "uses oil-based products and natural gas as raw materials and is also a heavy user of energy to power its manufacturing plants." So they get hit hard by inflation in prices, and now Dow Chemical is showing how inflation, like taxes, are always passed along to the final consumer – which is, as it turns out, me – because every freaking day somebody comes along and wants more of my money in exchange for food, beer and pornography. Bastards!

And food prices seem destined to get worse, as I discern from Junior Mogambo Ranger (JMR) Terry L., who sent a copy of the essay, "The 1930s Dry Spell Was a Walk in the Park" by Robert Morley, which is not to be confused with JMR Dan K. interpreting Ben Bernanke's remarks that "The Great Depression was an example of an adverse feedback loop"! Hahaha!

Mr. Morley ignores my little attempt at humor to lighten the mood, and starts out by noting that "Due to soaring demand and natural disasters, global food reserves of corn, wheat and rice are dangerously low. In fact, depleted U.S. wheat stockpiles are at levels not seen in over 60 years."

What makes this so significant is that "during the Great Depression, America had a population of less than 130 million, as opposed to over 300 million today."

And this is made even more chilling when you realize that "Forty percent of the world's corn supply is grown in the Midwest. Plus, America produces 36 percent of all soybeans, 32 percent of coarse grains, 25 percent of the five major oil seeds, 20 percent of sorghum, 16 percent of cottonseed, and 9 percent of global wheat output."

The worse news is that he cites Donald Coxe of Harris Investment Management as saying that the chances of rebuilding those stockpiles is slimmer than commonly thought, as "despite reports of localized droughts, North America as a whole has experienced great weather for the last 18 consecutive years, which combined with improvements in agriculture, has resulted in near-record harvests."

This is so remarkable that Mr. Coxe refers to a report titled "2,000 Years of Drought Variability in the Central United States" by Connie A. Woodhouse and Jonathan T. Overpeck (1998) that "you have to go back hundreds of years to find a period of such favorable weather for so long a time", as "paleoclimatic data indicates that during the last 400 years, the U.S. has probably received some of the best weather North America has had to offer over the past 2,000. Even considering the dust bowl of the 1930s, which sent over 1 million people fleeing, the last 200 years have been exceptionally good in comparison to historical norms."

Suddenly, I get the feeling that things will get worse. A lot worse. Lots and lots worse! Gaaahhh!

Welcome not only to the hell of inflation in prices after decades of inflation in the money supply by the detestable Federal Reserve, but having it made indescribably worse by Mother Nature reverting to norm! We're freaking doomed!

Until next time,

The Mogambo Guru
for *The Daily Reckoning*
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The Mogambo sez: Today, a poem...

"Silver and gold,
So nice to hold.
And oil and commodities, too!
So get some of each,
You son-of-a-beach,
Or one day you will be standing there with a surprised look on your face and fistfuls of worthless stocks and bonds in your hands while you watch all the people who 'got some of each', and now they are wealthy and happy, and who look at you with pity and contempt because you didn't; now you aren't wealthy or happy, and you realize to your horror that you made a Big Freaking Mistake (BFM) by not doing likewise."

Reading over what I wrote, I suddenly realized that it doesn't rhyme there at the end, proving that not only is this another example of the usual Sub-Standard Mogambo Work (SSMW), but that you get the point, so SSMW doesn't matter, anyway.