

Stupendous Mogambo Advice (SMA)

5/25/12

I was recently in a spirited conversation with a small crowd of people about how my Stupid Mogambo Advice (SMA) to buy gold, silver and oil has not been working very well recently, and various theories were advanced as to why that should be the case.

One particular participant in the conversation volunteered to me that perhaps the reason is that I am stupid. He looked right at me and said "You're a stupid, lying moron!", whereupon everyone agreed by cheering and clapping.

Yet another opined that they have not become fabulously wealthy overnight because I am a "Halfwitted loudmouth blowhard who doesn't know anything about anything", which was followed by more cheering and clapping.

Yet another pronounced "The Mogambo is a big fat stupid loser! And he eats like a pig! And he smells like a pig, too!" which was followed by even more cheering and clapping, and more than a few "oink oink" noises, which is not as charming as it sounds.

Now, I certainly agree that while there is considerable merit to these carefully-considered viewpoints, the truth is actually somewhere in between, namely that all of these idiotic, hateful people can go to hell as far as I am concerned.

In fact, no sooner do I get the soothing words "All of you idiotic, hateful people can go to hell as far as I am concerned!" out of my mouth, than suddenly everybody wants to argue about that, too!

I mean, I can't win here!

Their stupid line of argument is that my "allowing" someone to go to hell is not actually an explanation of WHY investing in gold, silver and oil has been such a poor investment so that they did not become fabulously wealthy overnight, as they had so hopefully and carefully planned, and thus were not knee-deep in wicked debauchery and hedonistic excesses of one titillating kind or another.

So, always being the kindly gentleman and helpful teacher, I carefully explain to them "You bunch of ugly, greedy, mental-defectives and borderline psychopaths think that normal, expected fluctuations in the prices of gold, silver and oil, especially with all of the attendant manipulative shenanigans of various corrupt governments and corrupt regulators, should not, somehow, affect you?"

They all looked at me with their mouths hanging open. It was about here when I first sensed that the conversational ball had been dropped by these mental-case carbon blobs, so I continued "Before you answer, let me first tell you losers that you make me laugh -- Hahahaha! -- at your Earthling stupidity, and I have nothing but revulsion and scorn for you, not only for your slovenly wardrobe, bad manners and ugly shoes, but mostly for your even thinking that, somehow, normal volatilities and statistical probabilities that affect everything, everywhere, all

the time, all through the universe and beyond, somehow don't apply to you, personally, and that you -- alone! -- should be blessed as the only exemption in the Whole Freaking Universe (WFU) from the laws of probability."

I ended with the usual caveat "Don't make me laugh and laugh and laugh until I puke from too much laughing and I vomit on those shoes of yours that that are, as previously referred to earlier in the paragraph, ugly!"

Surprisingly, I could see I was still not getting my point across.

So, to change the mood and wrap this up, I suddenly put a big grin on my face and asked, in a perfect metaphor, "Was Rome destroyed in a day? Taa-daa!"

I naturally expected that the crowd would spontaneously erupt into a chorus of delighted laughter and hearty cheers -- Bravo! Author! Bravo! -- in admiration of my cleverly changing the phrase that defines the gradual nature of things ("Rome was not built in a day") into such a delicious bon mot that I should be instantly hailed as the greatest writer since Mark Twain.

Alas, it was not to be. And too bad, too, because if they had shown the least bit of sycophantic fawning and slavish obeisance to me, or even offered me a lousy slice of pizza, then I would have gladly informed them that to be successful in investing, all you needed to do is be on the correct side of the long-term trend.

As George Soros is so famously to have said "The trick to investing success is identify the trend whose premise is false, and then bet against it."

In particular, the world's central banks have been creating excess money and credit to such a preposterous degree, for so preposterously long, that they long ago passed the point where it was possible to stop creating excess money and credit.

This is, obviously, a trend whose premise ("There is such a thing as a free lunch, and all the government has to do is print more money to pay for it!") is as false as this phony-baloney smile on my face.

Thus, since there is no free lunch, the lunch we have been providing for so long at no cost to so many has been paid for, and will continue to be paid for, in higher prices (price inflation), as all that extra money enters into the free market ("I'll take one of that and two of those!") and bids up the prices of things.

Thus the trend, as it always has been and always will be when so much new money is created, will be for more and more, and faster and faster, price inflation, ending in economic collapse.

And the investments to make to capitalize on this trend? I thought you'd never ask! Gold, silver and oil!

And how much to invest? I thought you'd never ask that, either! Dollar-cost-averaging! Buy the same dollar-amount of gold and silver each month!

That way, you will buy more gold and silver when prices are down, and less of them when their prices are high.

How could anything be more correct, more timely, more timeless or more easy? It can't!

That is why people, just as Junior Mogambo Rangers (JMRs) around the world, who are happily buying gold, silver and oil to bet against the trend whose premise is false, are known to giddily exclaim "Whee! This investing stuff is easy!"