

Hello Everyone,

- *The maximum unemployment benefit in NM is \$58k per year.*
- *68% Of Unemployed US Workers "Are Eligible For Payments That Are Greater Than Their Lost Earnings"*

Those two recent headlines make me believe a V-shaped recovery is not in the cards. I hope I'm wrong.

Today's missive looks at the danger of embracing myths. We will use El Dorado—the City of Gold--- to make the point.

I hope each of you has a wonderful long Memorial Day weekend!

Signed, Your Painting-The-Kitchen-And-Weeding-The-Yard Financial Advisor,
Greg

KKOB 05.22.2020 America's El Dorado

Darren: So, Greg, I know you like history. And you like tying the past to the present. And today's topic is gold, right?

Greg: Sort of. Today's topic is the City of Gold. And the inspiration for today's segment comes from sovereignman.com

So, Darren, let's begin with this. Have you ever heard of a Spanish conquistador named Diego de Ordaz?

Darren: No. But I'm guessing he got the whole El Dorado, City of Gold, thing going.

Greg: Good guess. And, you're right. 500 years ago, he was exploring what is today Venezuela. Well, the locals started telling him of a hidden city of gold.

Of course, he immediately ordered an expedition to find the city. He failed, of course. Most of his men died. But, one survivor, Juan Martinez had the gift of storytelling. He claimed he had been held prisoner for 10 years at El Dorado.

He said the King there was so rich he bathed in gold dust every morning. The people had so much money, no one worked. Festivals routinely lasted 7-8 days.

Senor Martinez was probably delirious. But poor, desperate Europeans so wanted to believe. Soon countless expeditions were launched. Thousands of young men trooped through the jungles of Central and South America looking for a chance at early retirement. Most died.

So, Darren, why am I telling you this on this fine Friday morning?

Darren: I don't know. But my guess is, you want to link it to today. And I suspect the lesson will be---- we shouldn't believe in fantasies or free lunches.

Greg: I am getting to be way too predictable. And, you're right. We moderns believe our own fairy tales.

For example...to save us from Covid19:

- Our Bolsheviks in Congress want to cancel all rent payments retroactive to March. Now, to compensate landlords, they would establish a slush fund-----funded with printed money of course. Landlords, however, could only access the funds provided they rent to ***anyone who applies*** (even those with a history of not paying). Oh, and they must promise not to raise rents for five years.
- Next, we have our so-called capitalists who are eager to bail out companies (and banks) that were insolvent even before Covid. They forget that over the past 10 years, these same businesses borrowed money by the trillions (!) to buy their shares back. Well, that trick boosted share prices...and they got handsome bonuses. But now they need money.

And rather than selling their shares to raise cash, our politicians are doling out taxpayer bailouts.

Darren, it's 2008 all over again. We are privatizing gains and socializing losses.

Thus, both sides are embracing financial fantasies.

The reality is, to pull out of this mess, we must work hard, innovate, save money, & create value. Some will fail. And, Darren, anyone who tries to tell you different is merely an accomplished storyteller.

Darren: I'm with you. The idea that five or ten trillion dollars created out of thin air is the same as trillions coming from ingenuity and enterprise is a myth. It's not believable.

Greg: Exactly. And you don't have to be a PhD in economics to understand this. Yet, the depth of economic ignorance in our political leaders is mind boggling.

For example, last month when the price of oil went below zero, AOC cheered. She predicted the crash would prompt people to embrace renewables. But, super cheap oil encourages people to drive more not less. She should be hoping for \$200 oil.

Anyway, to tie a nice bow on this.

Many politicians, business leaders, and everyday Joes now believe they have found the lost city of gold...America's El Dorado. It's Washington D.C. and the Federal Reserve.

Just connect your wallet there and you can get free money...retire early...even bathe in dollars.

We are no different than the explorers of 500 years ago.

But in defense of the Spaniards---- at least they got off their duffs, got on wooden boats, sailed to another continent, and scoured the jungles for their shot at riches.

We think staying home and watching Netflix is patriotic.

Darren: I know what you're saying. In many respects, we've lost our way. How do people reach you?

Greg: My number is 250-3754. Or, go to my website at zanettifinancial.com.

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