

Hello Everyone,

"Let him that would move the world first move himself."-Socrates

People are moving. And if you want to know where, you don't have to study Socrates. Just look at U-Haul rates.

- 10' Truck from Los Angeles, CA to Dallas, TX
\$1,908.00
- 10' Truck from Dallas, TX to Los Angeles, CA
\$1,116.00

And since it's the same 1437 miles from LA to Dallas as it is from Dallas to LA, it's not hard to see where people are leaving and going. Gold used to be in California...apparently not so much now.

And with that clumsy segue, we will continue our gold series. Parts 8 & 9 go together, so stay tuned for Friday's missive. It will make you appreciate how clever politicians can be when they want to spend more money.

Signed, Your-Drove-A-U-Haul-From-Albuquerque-To-Seattle-Once-And-Felt-Like-Cledus-In-*Smokey-And-The-Bandit*-10-4(!)
Financial Advisor,

Greg

KKOB 07.20.2020 Gold Part 8 Because Gold Is Useless-- It's Valuable

Bob: So, Greg, when I saw the topic you wanted to discuss, it made no sense. Your position is-----*because gold is useless, it is valuable.*

Greg: Correct.

You and I have agreed that gold is a shiny, yellow metal. You can't eat it. You can't communicate with it. It doesn't earn interest. And only trace amounts are used in industry or technology. Other than in jewelry, gold isn't used much.

And, because gold is so *use-less*, it is valuable. Let that sink in. Because it has

so little practical utility---- it is valuable. And here is why. Because of its uselessness, it can be used to erase debts. In particular, government debts. Are you tracking with me so far?

Bob: Not really. I mean, to me, useful things have value. I think of weeds as kind of useless. I wouldn't pay anyone for weeds. But, I'm sure you'll tell us why gold is different.

Greg: I hadn't really ever heard anyone compare weeds and gold before, but I see where you're coming from.

Anyway to make my point, I will use an example from a first-world nation...and not that long ago.

In the 1930's, here in America (first world), it was President Roosevelt (FDR) who understood how gold could be used to erase debt. Oh, and he wasn't the first. What I am about to describe to you is an old trick. Greeks, Egyptians, Romans have all done the same thing...only the method varies a little.

So, here is the backdrop. When, FDR took office in 1933, the Depression was deepening. He needed money for the New Deal programs. But tax revenues were falling and the government's debts were rising. So, here is what he did:

- First, three days after he was inaugurated, he closed all the banks. He called it a banking "holiday." Holiday. Great spin.

For a week, Bob, banks were closed. Imagine that today.

Bob: Close banks today?! In a world of credit and debit cards? If the ATM's--- along with the credit & debit cards--didn't work, I can't imagine the shock.

I guess stores would just take cash. We'd have pandemonium.

Greg: Right. Because most people don't keep a lot of cash on hand. Plus, Covid19 has many businesses, refusing cash because of the supposed health effects of passing paper money. So, you're right. Closing banks today would be...let's say disruptive.

Anyway, what FDR did next was remarkable. Along with closing the banks, he did the following:

- He issued **Presidential Proclamation 2039** that forbade the hoarding 'of gold or silver coin or bullion or currency'.
- Next, he issued ***Executive Order 6102*** requiring all persons to turn their gold over to the Federal Reserve.
- The punishment for defying these decrees was \$10,000 and 5-10 years in jail.
- Additionally, T-Men (Treasury officials) were authorized to go into everyone's safety deposit box and take any gold stored there.

Now, Bob, in fairness, people were given paper dollars in return for their gold. For example, if you had 10 one ounce gold coins, you received 10 twenty dollar bills----

because the going price for gold back then was just over twenty bucks an ounce.

Bob: So, government officials went into peoples' safety deposit boxes? And that was allowed? People must have been furious.

Greg: At first they were just stunned. They cried, "*where is my gold?!*" The government responded, "*we didn't steal it. We paid you market price.*"

And we were a more trusting nation back then.

Plus, technically, the dollar was backed by gold. So, even though you couldn't exchange paper dollars for gold anymore, there was some solace that the dollar was still stable with a gold backing.

Bob: But still, the paper money was now one step removed from gold. So, it really wasn't as "gold-backed" as the government said it was.

Anyway, if I am reading all this right, when all was said and done, the government had the gold and the people had paper dollars.

Greg: Correct. Then came step 2. This will blow your listeners away. And, we'll go into that on Friday.

Bob: Sounds good. How do people reach you?

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

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