

Hello Everyone,

“Waste no more time arguing about what a good man is. Be one.” Marcus Aurelius.

In 1987, I was a young stockbroker with E.F. Hutton. Another broker in the office had convinced me to buy Wal-Mart stock for my clients. So I did. Then the crash of 1987 happened.

One of my clients, Colonel Garman, called me. He was quite upset about the decline in his Wal-Mart position. When he hung up, I was shaken. So, I went down the hall to see the assistant manager, Andy Anderson. I told him what had happened. Here is how the conversation went.

- Andy: Tell him to buy more.
- Me: What?!
- Andy: Did the fundamentals change?
- Me: No.
- Andy: Did management change? Did sales collapse? Did profits fall?
- Me: No.
- Andy: Tell him to buy more. When he buys more at the lower price his average cost will come down. As the stock recovers, he'll get his money back faster.

So, I returned to my cubicle and nervously called Colonel Garman. I parroted everything Andy had told me. After a long pause, Colonel Garman said, *“Makes sense to me. Buy me 200 shares when the market opens tomorrow.”* And he hung up.

I raced back to Andy's office and told him what had happened.

He said, *“I sure hope you're right.”* And he smiled.

Gold is our Wal-Mart. And today's missive will help explain why the fundamentals have not changed.

Signed, Your Many-Years-Later-When-I-Was-Promoted-To-Colonel-Colonel-Garman-Gave-Me-His-Epaulettes-For-My-Dress-Blues Financial Advisor,

Greg

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Bob: So, Greg, I know you are on the inflation theme. And I know I am experiencing rising prices in my everyday life.

But today you want to look at inflation through a slightly different lens. Right?

Greg: I do. And what prompted this was something I read, by some regular guy on the Internet. He wrote, *“No matter how much money I make, they will always print more. I can’t print any more time.”*

And, Bob, it just kind of hit me. He’s right. The big injustice of inflation isn’t just that our paychecks don’t go very far, it’s that inflation robs us of time.

Let me explain.

Most of us trade our time for money. We get up every day. Clean up. Report for duty. Do our work. Earn a paycheck.

Well, as they devalue the currency, we must work longer just to stay even. This is why so many people angle for overtime pay. Or why so many work an extra job on the weekend. We are forced to trade precious hours of our lives to compensate for the declining currency.

Unfair.

Bob: Right. So, what he was saying was as they devalue the dollar, they devalue our work. And they do that without our permission.

But the Powers-That-Be must also know that most people don’t understand how all this works. So, they can get away with it.

Greg: Exactly. But the injustices go even deeper.

There are some small groups of people who don't have to work harder or longer. One such group is comprised of Central Bankers, Treasury officials, and politicians. They can just print money to get their paychecks.

They can authorize billions (or even trillions) with just a few taps on a keyboard. Then suddenly voila! With no work, no effort, no sweat they have all the money they need.

Unfair.

Then, there is another group that can't print--- but they benefit by being closest to the money spigots. Think Wall Street, mega-corporations, government contractors. The insiders. Here's how they benefit.

As the money is printed -----the debasement of the currency isn't immediate. There is a time lag between printing and inflation. After all, it takes time for new money to percolate through an economy.

During that lag, those who got the money first get to buy at normal prices. By the time the printed money works its way down to flyover country and us little guys, prices are already rising. Thus, any benefit from the new money is swallowed up in higher prices. Does that make sense?

Bob: Sure. If I get freshly printed money first, I can spend it before anyone else knows what is going on. So, this is another reason why the rich get richer.

Greg: Exactly. Then they have the gall to say things like, *“Well, you don't have to work harder or longer. You just have to work*

smarter." Oh, OK. How much smarter did you have to be to print up trillions? Or be at the front of the money-trough line?

And, Bob, I am not trying to gin up some class warfare thing. I am all for people being successful and getting rich. But those riches should come from producing wealth and not from gaming the system.

Bob: So, what can we do about it? I don't see it changing anytime soon.

Greg: Eventually, it will. Eventually we'll come to realize the wealth of a society is not denominated in dollars, or euros, or any other currency. But rather wealthy societies are those that produce real goods and services that people need.

Think of it this way.

Bob, pretend you are on a desert island all alone. Would you rather have \$1 billion in cash or a nice house with a year's supply of food, rum, and an amazing entertainment center?

Bob: That's obvious. I'd want the stuff. A billion in cash with nothing to buy is just a pile of paper.

Greg: Right...we don't really want money; we want what money will get us.

Anyway, until we come to our senses, please realize that those in power have a vested interest in sparking inflation. So, you might as well get on that side of the fence with respect to your investments.

Bob: Enjoyed it as always. How do people reach you?

Greg: Just go to my website at zanettifinancial.com.

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