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A Gold Standard Is Coming—Whether We Like It Or Not

We are living inside a mythos that is not based in reality—a 2-fold mythos of oil and credit. Oil made it possible for there to be 8 billion souls on a planet that prior to oil could maintain something closer to 1 billion. And credit, especially in the US, made for a false mythos wherein we assumed we could live far beyond any historical mean.

On a recent interview, Bill Holter told a story: he was 18, in an economics 101 class where he was taught that it was uncertain as to why the *Great Depression* happened, but it could never happen again. He saw that as *bullshit*, and went looking for answers.

For someone with fundamental economic values, the answer was there to be found. Most every default/economic collapse, whether in a family or a nation, occurs when debt and servicing of debt exceeds productivity, outstripping ability to pay-back debt.

My epiphany on the fate of the US economy did not come when I was 18, but when I was 55. It was around the turn of the century, before I was aware of Jim Sinclair/Bill Holter, but when I was a follower of Richard Russell who directed me to a graph of US credit/debt that began with the closing of the gold window in 1971—through 2000.

As a student of history, and an economic conservative, I could see that the US economy was unsustainable, and where we find ourselves today—the inevitable result. Based on that I quit building rentals, opting instead to buy American Eagle gold coins.

Other than Russell and Sinclair, I found little support for buying gold, even under \$300 oz. I was board president of a rapidly growing, nonprofit, and when I suggested to the board that we make a gold allocation—my proposal was 'waved-off' with derision.

Most economists were persistently unsupportive of my 'epiphany'. That included many who are now on the gold bandwagon.. For anyone suggesting these men didn't feel it was the right time to buy gold, that brings me to the basis for this article. Investors with 'even 1 foot in reality', through this entire melee, stayed on the sidelines of markets and house-flipping, for no one knew that \$700B needed to put-off default in 2008 would become the 2024 bi-monthly issuance—nor did they anticipate \$34T debt.

Nominally, the value of my gold increased by a factor of 8, and, for that to happen I did not have to frame roofs. Relying on economic conservatism, I let time do the work.

Economists/pundits need global perspective and a willingness to self-examine. When Russia invaded Ukraine, I recall McCloud depicting Putin as some kind of war criminal thug. Now, he sees Hamas/Hezbollah/Iran as spreaders of terrorism (likely in-

cludes the Houthis?) He does some good analysis, but his inadequate examination of the world stage and himself renders him—a guy riding into town on a '2 legged horse'. Without an overview as to who are the bad guys, and lacking a self-examined global overview, likely on the wrong side of history, is his global economic forecast—viable?

Jordan Petersen, Bobby Kennedy Jr., and so many others who blindly support the genocide of Netanyahu/Biden are now suspect to me. I miss those who saw it for what it is, such as Rob Kirby, but we do have our Richard Russell replacement—Bill Holter.

As promised in my last article, I want to challenge another economist, one I respect, Charles Hugh Smith. In a recent article, Charles sees a gold standard, along with 'fiat currency', as 'quasi-religious/fatally flawed'. Given, out of control credit/debt, *fiat failure* is apparent. But, gold's flaw, according to Charles is inability to provide needed credit.

My issue with Charles is one of perspective. I agree credit is necessary: *taxes must paid and seed purchased for the next crop*, but, beyond that, is Charles caught-up by a mythos requiring lines of credit based on a global population of 8 billion and a pace of development, maybe not bringing 'climate change', but for certain, planet degradation?

Are we in such *grip of madness* that we have assimilated a notion that credit to fight 'adventure wars' and overburdened planet development—needs to be maintained?

Charles ties 'credit inadequacy' to the scarcity of precious metals—but the scarcity of gold and silver is the very thing needed to hold an economy in check. Those of us who are older/economically conservative have a distinct advantage over those 20/30 years younger, because we grew up in a different time. Our new 1956 house was 800 sq. ft., and my parents felt blessed to get it with only 20% down. On New Year's Eve 1963/64, my dad and I bought new Dodges (I was 19). There were no auto loans—I saved up \$1600 working part-time in a supermarket. It could be done. I wanted the car—I saved.

A gold standard is the analogy to that 1950's economy: *real-economik*—based on *realpolitik*. Gold would neither support (nor would it condone), the type of credit/debt insanity that has become our way of life. A gold standard is the only viable option.

Is a gold standard perfect? It is not, but it is the *only* option given human weakness and corruption. But, as with *fiat*, when a gold standard is bastardized into a fractional-reserve gold standard, that lays the groundwork for inevitable and eventual collapse.

A gold standard is best when 1 oz. of gold provides for 1 oz. of credit. A gold standard is most sustainable when gold, for all forms of money and credit instruments, is exchangeable for gold itself. Will that be our future—or will we adopt something lesser?

Of one thing I am certain. we are on the eve of a credit crisis. And, with most global assets tied to credit, most assets will be put at risk. Jim Sinclair used to say that there will be 2 monetary resets. 1 conducted by man—a 2nd conducted by nature. A 2nd *fiat* is possible, but historically, failed currencies don't go to more paper—they go to gold.

I see *supposed rates of inflation* as nothing more than *printing madness*, resulting in untold suffering for humanity, when economies fail, along with severe supply-chain issues, caused by ignorant asset mismanagement—ending in run-away *price inflation*.

There's more to get into on this subject but 2 pages forces me to wait until next time.

Let me say thanks to so many readers for their responses to my resend of *A World—Caught in the Grip of Madness* article. Most agreed with causes I laid out for the madness—a few did not. Rather than get into it with readers, I noted that we seemingly agree about some basic tenets, but we disagree on one thing—who the bad guys are?

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