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Buying Dimes In a World Where the Dollar Makes No Sense

I may be an economic luddite—even among luddites. I've never owned a stock—never invested in the miners. I've searched for the cheapest lots on the best streets and then built on them, without ever hiring a contractor. From my survey of human history, in both fiction and non-fiction, I made my bets, only on tangibles—real estate and metals.

Since we went off the gold standard in 1971, when I was a young man in my early 20s, I have avoided holding dollars. Instead, I used dollars to acquire real estate while missing out on a stock market that went wild right before my eyes. But I didn't care, I was comfortable on the sidelines, building rental houses and acquiring gold and silver.

For many years I read everything Richard Russell wrote. He taught me the basics. Though I trusted neither the dollar nor intangible things such as stocks, I learned from him how to secure my economic future using 2 ideas: compounding interest, and not losing money. As a luddite, I saw the idea of compounding transferred to any market with a strong future. That's how you don't lose money—you find markets with a future.

Russell's idea of identifying trends and investing there was my equivalent of compounding. As the dollar, cut loose from a gold standard for credit/debt, was bound to debase, I bought the abandoned asset, gold (while it was cheap), sat on it and waited.

In this process I didn't spend—I saved—can't spend it and save it at the same time. Russell taught me to identify trends and buy-in. And to start early, while still young. Catching an early wave is key to a life of financial independence. In this process, thinking is rehearsing. You have to act. Once reasonable sure of a trend, go for it—go all in.

Reasonably sure that rental houses would provide for cash flow, and gold silver/ would make for a future that glitters, I didn't need anything else. I knew what to do. I saved dollars, only to acquire more property, land/metals. Gain wealth—incrementally.

Though I'd lived in the US for decades, at one point I bought \$40K dollars in Canadian dimes (pretty ones with a sailing ship on one side), when the price of silver was \$10. I remember walking along, maybe it was Young Street, in Toronto, with a couple of Chinese guys from the metals exchange, carrying five gallon plastic buckets on hand trucks, heading for the vault at the Toronto Dominion. A week later silver was under \$9.

With that purchase, I was way ahead of the curve—too far ahead. Another thing I learned from Russell: avoid losing big by being willing to lose small. I sold those dimes when finally I could get my money back and stuck to 1 oz US Eagles and Maple Leafs.

Recognizing early-on that although silver was the constitutional basis for the dollar, gold was the measure of all things economic, and with gold at just over \$250 an oz., I had a premonition *it was all up from that point*, and I scurried to borrow all the dollars I could to buy a couple of monster boxes, not the green ones housing 500 ounces of silver Eagles, instead the red ones, housing 500 ounces of gold, 1 oz. American Eagles.

Everybody I told about gold, sneered. As board president for a thriving non-profit food coop, I tried to convince the board to put some assets into gold. I was laughed at and told that the Fed would never allow gold to get over \$400—I had made a bad bet.

But, I was sure of the trend. Each year I had built a house to rent, but that no longer pencilled-out. What it cost to get a 2-story house framed up and roofed was now the price of the building permit. In my boutique town of Ashland, Oregon, where Californians came across the border with a pocket full of dollars from selling a house in Long Beach for 10 times what they paid for it years ago—they bought here, driving the price of land sky-high, and city officials lost all sense of reality around the cost of permits.

Watching credit/debt cycle ever-upwards, I put all discretionary cash into precious metals, paying no attention to notions of 10% holdings. I saw the trend and I was all-in.

Then I came across Bill Holter and Jim Sinclair. They became voices of reason during my times of doubt when the price of gold and silver came under attack. From them I learned that until there was real trouble in the economy, gold would be attacked to sustain the dollar. I gritted my teeth and rode gold from \$2000 to \$1050, and back up to \$2400 (on its way to \$10,000). I had done my research, saw the trend—made my bet.

Another thing I learned from Russell was to watch the transports to get an idea of where the economy is headed. For me this translated into supply lines. If you want to see the future for the global economy keep an eye on supply lines, which are key to understanding the vanishing point of politics/economics. Supply lines tell a story of what the future holds for cost of goods. Now, price inflation trends in 1 direction—up.

Reading this over I sound like I know what I'm talking about, but alas, I'm just a mortal. These last few years I've bought lots of dimes and quarters anticipating I will need them at some point for barter. But when I see that Eagles are worth more (for now), I get edgy, forgetting that I bought dimes as insurance—not as economic speculation.

For most people I know, it's too late to buy gold—that's a rich man's game. But I implore them to buy silver and surprisingly many of them do. As for dollars, I spend them. I bought a new motorcycle for cash, along with a couple of mini-split, heat and cooling systems. I had my parking spaces paved this week. It's going to be tight, paying my property taxes in the fall, but I don't care. I'm spending my dollars while they still buy.

Pieces of Eight were early Spanish silver coins, worth their weight in metal. They could be cut into 8 pieces to make change—the equivalent of pre-65 dimes. That's what I buy now because the trend tells me that soon, dimes will be coin of the realm.

I'm a gold/silver guy. I enjoy the idea of being a pirate—an outsider with buried treasure. I'm not a trusting soul. Early on I ascribed to one of Ben Franklin's aphorisms: *3 men can keep a secret if 2 of them are dead*. For that reason, I moved my metals around as the trend told me to distrust government. No safety deposit boxes and I don't trust Swiss vaults or Brinks. Only those needing to know, know where—when I'm gone.

I signed away my real estate to my wife so when they come for me for my politics/economics, all I have will be some metal they have no idea exists—or its whereabouts.

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