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Jawboning Only Works—Short Term

When Scott Bessent, Treasury Secretary, says the US economy is outperforming other economies, he fails to reveal the cause—deficit spending.

With the US annual deficit running at 5.9% of GDP and a US growth rate of 1.6%, Trump/Bessent are forced to lie through their teeth, jawboning a great US economy/dollar—against worthless gold and silver.

Trump inadvertently tells the truth: *no nation has ever been in the place where we are now, at our 250 year anniversary.* He could not be more correct, but the truth is the reverse of his message. We've never been in a more precarious economic place.

In this situation, gold functions in a unique way. Abandoning sound money in 1971 to pay for military adventurism, initiated an out-of-control credit cycle that brought about the destruction of the US economy. Now gold is back—without even being summoned.

To keep the price of gold and silver suppressed requires that non-random events be coordinated to save the dollar from a structural crisis. Just as Trump's Friday predictions support Monday's market, the price of gold/silver has to be driven down so as to downplay investors losing 2/3% in dollar assets annually due to dollar depreciation.

Bessent hypes the dollar while Fed Chair Warsh belittles gold, each, a

short-term fix, at best. Why? The rest of the world (anticipating higher gold/silver prices), sees lower gold/silver prices—as a non-structural issue.

Consider Japan: the Japanese economy (aligned with the US), is failing. In an attempt to save it, everything, especially US bonds, is in a fire sale. With Japan's GDP (only 20% the size of China), weakening, Japan will be forced to realign with its neighbor, a productive China, and away for a non-productive US. This will force mass liquidation of American paper.

Everywhere we look, it's all on the line. No matter what jawboning does, gold is the future. The Trump Administration's incremental degradation of Iranian demands has little or no chance of success (Iran attacked a non-approved tanker in Hormuz last night). For some bitter frosting on the cake: with US investment in tech, overweight, if China's open-source AI model wins-out, that takes down not only US tech—but crashes our economy,

Let us not forget those 250 year, commemorative coins from the Treasury. The, 1 oz. gold coin, with the premium, is almost \$20,000. The silver oz.—close to \$1000. The gold coin goes for 5X spot price—so what gives? 1 of 2 things, either the same fools who pay \$15,000 to sit court-side for Knicks playoff games, buy into thinking limited issuance of these coins will skyrocket the bid. Or, maybe they're just plain stupid?

But there's another possibility—let's call it *seemingness*. Trump, and previous administrations, reference gold in Fort Knox (which is likely not there). But acting on what things *seem* to be rather than what they are, Trump could issue long-term bonds, payable in gold (with adequate duration that everyone in the Trump Administration would be long dead before settlement). Gold bond/Stable-coin proceeds going to Treasury would provide short/medium term respite from dollar collapse. Could this deception work? Yes, if *knowledge is perception* and *rhetoric is solely, ability to convince*.

This idea supports Andy Schectman's thoughts about the coming July 4th, bringing a possibility that the US will go on some kind of gold standard. It's not out of the question, but would be built around a lie: without an audit, an assumption that US has the gold to back the dollar.

Regardless of the outcome in Iran, the US economy is broken and Bill Holter's warning that we should have bought pre-65 dimes will become the reality. My friend Larry emailed something about this being Michael Oliver's time, and that's the case. If there were ever a time to back-up the car/load up the trunk with silver, to be exchanged later for gold—that time is now.

Meanwhile, if the Iran cease fire ceases to hold, gasoline costs for small business is up 32%. And small business is half of America's business—creating half the jobs. Given Vance/Trump lies, war over Iran's oil, or Trump walking away are the betting favorites.

For now, in the West, dollars get all the attention—but collateral does all the work. And the US dollar is no longer trusted collateral. Everything that's dollar denominated is now suspect. Gold is collateral. Silver is critical metal collateral. Fertilizer, sulfuric acid, and more than 20% of global oil relying on passage through Hormuz are collateral. Iran, by surviving, won the war against US/Israel, and the world knows it. Iran calls the shots.

The US has been greatly diminished over these past months. Most nations in the gulf will no longer continue to house the US military, for an assurance of US protection. And, Japan (maybe Australia), will have to work deals with China for needed goods and security arrangements.

Changes will take time to play out—but the US defeat in Iran has moved the needle—light years ahead. There is talk of US Gulf bases, to be rebuilt completely underground. That's a page out of Iran's playbook.

There are factors in play that markets are unaware of until they feel the

effects. The actions have been taken—the effects of actions yet to come.

Gold/silver speculation is on a seesaw. Yesterday's cheerleaders are today's doomsayers. But, given the facts: gold/silver smash-down is not an organic event, but a political tactic in a desperate strategy for US, global energy control. In this, Trump will fail—as will his suppression of gold/silver.

This is a buying opportunity, in the immortal words of petty officer, Navy 555, 1963, Bob Gaston: 'I stay ready to keep from having to get ready.'

With the new Fed Chair anticipating rate hikes, and Trump yet daydreaming of lower rates, it needs remembered that, lower rates make for a weaker currency, making imports more expensive, and rates, higher for 1st time home buyers. As a result, for the 60 years it's been measured, consumer sentiment is at an all-time low. Trump (and his buddies), are denying reality.

The inflation rate is double what the Fed was trying to achieve—2%, nevertheless US plans for the future of our economy depend on gold that likely doesn't exist. Wall Street wants to go toward tokenization, a vast improvement in efficiency of how money actually moves, an innovation that happens on Bitcoin/other smart coins. But, does this save us from what is coming?

No. The real problem is the rest of the world having moved to gold as its measure while we jawbone. Maybe there's an analogy in the Colorado River when the water was divided up legally, in 1922, when flow levels were high.

Now that's over—2 good snowpack years do not make up for decades of drought, with more on the horizon. The faucets of 40 million desert dwellers are at risk from agriculture that claims 80% of the water. Because the 7 states can't come to terms—the federal government may have to come in.

But, with no water to divvy-up? If there's no gold/silver—do you have any?

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