

Hello Everyone,

“Even the cows have earrings,” is a saying unfamiliar to most Americans. For Germans almost 100 years ago, it was an attempt at gallows humor.

Today’s missive ends with a reference to George Washington and why moral leadership during (and after) tough economic times makes all the difference in the world.

Signed, Your Glad-George-Washington-Was-Who-He-Was Financial Advisor,

Greg

## **KKOB 04.30.2018 Debt Erasure Via Inflation Part 2**

**Bob:** So, Greg, we are on the theme of erasing debts via inflation. And, to make your point this morning, you want to talk about cows...is that right?

**Greg:** It is. So, Bob, have you ever heard the phrase, “Even the cows have earrings?”

**Bob:** No, can’t say as I have.

**Greg:** “Even the cows have earrings,” was a very common phrase in 1920’s Germany. Let me set the stage. After World War I, the Germans owed all kinds of money to the French and the Brits in what were called war reparations. And, even when the German economy got to its feet, the French were there with their hands out saying, “Pay up.” As you might guess, German resentment grew.

Finally, the Germans had had enough, and they said, “France, you want your money?! Fine. Hans, turn on the printing press.” And soon, the Germans were spraying Reichsmarks all across Europe. It didn’t take long, and soon the Reichsmark wasn’t worth much.

**Bob:** So, this is why we see the old pictures of wheel barrows full of money to buy a loaf of bread, right?

**Greg:** Exactly. Well, things got so bad in the cities, people would trek out to the country and trade their jewelry for eggs, butter, chickens... anything to eat. Soon, the farmers had so much jewelry, even the cows had earrings.

had earrings.

And, while that is kind of a funny saying, the reality of those situations is anything but funny. In fact, history is clear; if inflation hits in a big way, it is a very dangerous time for a country. Society breaks down. Violence and crime escalate. People get very fearful and insecure. It is then that the ambitious, opportunistic, and often malevolent men see their opportunity to seize power.

In Roman times, Caesar came to power on the heels of an economic crisis. Napoleon the same. And, of course, 90 years ago in Germany, Hitler saw his chance. He was an expert at playing to the distress of the German people.

**Bob:** So, this is when the blame game you talked about on Friday kicks in, right? The “strongman” finds someone else to blame for the country’s woes, and they portray themselves as the ones who can fix everything...you just have to give them total power.

**Greg:** Yes. And, strongman is a very good term. The people see their former leaders as weak and cowardly. And, in some ways, they are right. The former leaders likely knew they were on the wrong road ---but did nothing to turn things around.

Still, debt relief by way of inflation—or worse, hyperinflation—does not have to end with the strongman. Here in America, after the Revolutionary War, General Washington lamented, “A cartload of Continentals won’t procure a cartload of provisions.” You see, Bob, the 13 Colonies had printed lots of Continentals (that is what we called our money back then) to fight off the British. By the end of the war though, we had printed so many, they were worthless.

Bankruptcies became commonplace, and our young nation teetered on the brink of anarchy. Many insisted on a strongman to straighten things out. They offered George Washington kingship. Think about that.

Washington had the chance to be the king...the dictator for life...and his children’s lives. And, he turned it down. He said no, this is not what America is all about. And, to my mind, he set our nation on a course for over 200 years of success.

But, I digress. Circling back to inflation and investments---my questions for your listeners this morning are these: Do you believe America has

too much debt? Have our politicians demonstrated they care? Do you believe they will be tempted to inflate the debt away? Do you already see inflation picking up? If you answered the way I think you did, then shouldn't you position your investments to take advantage of what is likely coming? And with that, I'm out of time.

**Bob:** Good stuff. How do people reach you?

**Greg:** My number is 508-5550, 508 triple 5 zero.

**Bob:** For those of you who want transcripts of what Greg and I talk about each week, just email him at [gregradiotranscripts@gmail.com](mailto:gregradiotranscripts@gmail.com)

By accepting this material, you acknowledge, understand and accept the following: This material has been prepared at your request by Zanetti Financial, LLC This material is subject to change without notice. This document is for information and illustrative purposes only. It is not, and should not be regarded as "investment advice" or as a "recommendation" regarding a course of action, including without limitation as those terms are used in any applicable law or regulation. This information is provided with the understanding that with respect to the material provided herein (i) Zanetti Financial, LLC is not acting in a fiduciary or advisory capacity under any contract with you, or any applicable law or regulation, (ii) that you will make your own independent decision with respect to any course of action in connection herewith, as to whether such course of action is appropriate or proper based on your own judgment and your specific circumstances and objectives, (iii) that you are capable of understanding and assessing the merits of a course of action and evaluating investment risks independently, and (iv) to the extent you are acting with respect to an ERISA plan, you are deemed to represent to Zanetti Financial, LLC that you qualify and shall be treated as an independent fiduciary for purposes of applicable regulation. Zanetti Financial, LLC does not purport to and does not, in any fashion, provide tax, accounting, actuarial, recordkeeping, legal, broker/dealer or any related services. You should consult your advisors with respect to these areas and the material presented herein. You may not rely on the material contained herein. Zanetti Financial, LLC shall not have any liability for any damages of any kind whatsoever relating to this material. No part of this document may be reproduced in any manner, in whole or in part, without the written permission of Zanetti Financial, LLC except for your internal use. This material is being provided to you at no cost and any fees paid by you to Zanetti Financial, LLC are solely for the provision of investment management services pursuant to a written agreement. All of the foregoing statements apply regardless

of (i) whether you now currently or may in the future become a client of Zanetti Financial, LLC and (ii) the terms contained in any applicable investment management agreement or similar contract between you and Zanetti Financial, LLC.



Virus-free. [www.avg.com](http://www.avg.com)