

Joe (00:00)

So James, on Friday, you wrote an article about Lisa Cook and why she should be fired. This is the Federal Reserve governor who was caught ~ claiming to have two primary residences, which amounts to mortgage fraud. And you said it's not just that, that she's completely unqualified for her role. And I think you got a little bit of pushback on that and you looked into it a little bit more, right? To see if she is actually qualified or not. And what you found was...

James (00:29)

First of all, are we gonna talk about your eye? Say you should have seen the other guy,

Joe (00:38)

Yeah, exactly. You should have seen that pile of wood I was planing all weekend.

James (00:42)

~

If you guys don't know Joe's building a house, ~ is an extremely, ~ it's like, nobody knows how to do that kind of stuff anymore. So good on you, man. mean, like that's, I think it's awesome. I mean, that's like the sort of the ultimate in resilience to be able to sort of build a house with your bare hands and you know, yeah, you might take some wood shrapnel in the eye from time to time, but know, it's part.

Joe (00:54)

Thanks, yeah.

Yeah, but it is cool to know

every element of what goes into it. And most people kind of don't know what's behind their walls, don't know from the ground up what goes into a house.

James (01:13)

You and I were talking earlier, I mean, you were talking about like all the things that you have to do when you said, oh, want to put up this soffit. like, oh, I got it. Well, first I have to do this and I have to do this and I got to treat it with this to make sure there's no termites and all this stuff. And then you're driving around looking at other people's construction projects going, there's no way they're doing all that. it's like, most people don't know. So they don't know that the contractor is cutting corners and not doing those things.

Joe (01:25)

Yeah.

No, because I mean, what we brought.

Yeah, exactly. Because we've

brought in the contractors for some very specific things and essentially acting like I'm like a general contractor now. Not licensed, but you know, trying to keep them ~ to the standards that I have for my own house. right. Exactly. I'm looking at these other new construction houses saying, did they do boricare to prevent mold and termites? Did they put screens in the soffits before they put up the wood so that, you know, bugs aren't just going to get in there? And yeah, I mean, I'm ~

James (01:57)

Do they do all of that? ~

Joe (02:07)

gonna have a really nicely built house, so.

James (02:10)

Yeah,

good on you, man. So yeah, look, on Friday, obviously, this whole issue with Lisa Cook has grabbed national headlines and rightfully so because this is something that, you again, we predicted this. was, you know, we said, listen, I think this was a couple of weeks ago, maybe a month ago. I said, you're going to open up the paper one day and you're going to find some bad news. You're going to find some allegations against a Federal Reserve official.

Because the White House, Treasury Department, they're trying to put their own people in so that they can kind of dictate monetary policy. I said, you're going to open up the paper, you're going to find something really nasty about some Fed official. And sure enough, within less than two weeks later, you have this news that Lisa Cook, the head of one of the federal housing agencies, went and dug up some data and found like, look at this. She claimed, she applied for two mortgages within like 10 days and claimed both of them were her primary residence.

That smells like mortgage fraud. And the reality is it does. You're not supposed to do that. And of course, you know, lot of people have all the people on the left have come out in support of, of, of this lady, Lisa Cook, the fed official, it was pointed by Joe Biden and, ~ you know, I mean, they're wrong. mean, Paul Krugman said, no, Donald Trump can't fire her for cause. If you wanted to fire her for cause, she'd have to be drinking on the job as if that's the only, you know, being drunk, as a Federal Reserve official is the only disqualifier to be a Federal Reserve official. And my article pointed out when I wrote about this, said, look, Lisa Cook should be fired, at least at a minimum, she should be sent on administrative leave. Most other institutions have some method for this. If there is a question about your judgment, if there's a question about your integrity, whether you're a police officer,

or any number of professions. And there's a potential issue of moral turpitude or something where you go on administrative leave while there's some level of investigation to figure out if in fact this happened because they look at it say the integrity of the institution matters more than anything. That's the most important

thing. And that's especially the case for the Federal Reserve. The integrity at the Federal Reserve, i.e. especially the key voting members, the Board of Governors, the Fed officials should be sacrosanct. And any hint of impropriety whatsoever should be thoroughly investigated because people need to have confidence. And not just Americans need to have confidence, the entire world needs to have confidence in the Federal Reserve that these people are actually of a very high moral character. And we think, big deal. it's just so she signed a couple pieces of paper. The Federal Reserve is a banking supervisor. So you have somebody who would have gone and lied knowingly, willfully lied to two different financial institutions that they are supposed to supervise for her own personal financial benefit. That's a big deal. And the integrity of Fed officials should be beyond question, especially when it comes to matters of financial matters, especially when it comes to financial matters. So somebody saying, I'm going to go do something for my personal benefit and I'm going to lie to the banks and then go and supervise those same banks. It's questionable in the same way that a of years ago, it was found that two key Fed officials were caught trading stocks on their own watch while they were setting monetary policies. So they themselves are setting themselves up to benefit from their financial decisions. That was a big deal. That was a big deal. And so those guys were immediately gone. They resigned and they were gone. And so here you have this person who has been exposed.

Rather than come out and kind of defend herself vigorously and say, you know what, I'm gonna do the right thing for my institution and I'm gonna step aside. I'm gonna defend myself vigorously, but I'm not gonna be a distraction from my institution. So I'm gonna step aside and let justice fall where it may and my institution is gonna go on. She's not doing any of that. She's acting like she's entitled to her job. She's suing the president of the United States and creating, frankly, just creating a soap opera, creating a soap opera about her personal situation.

rather than even acknowledge to say, wow, hey, you know what, those are very serious allegations. They're allegations that I was personally benefiting myself financially from the very banks that I'm supposed to supervise by deceiving them into something that's clearly not true. And, you know, like I can see why people think that's a big deal. And I'm taking that seriously. And I'm going to step aside, you know, just not handling it like a mature, responsible adult. That's the way responsible government officials should be able to handle it. But that's not what's happening.

So she's making this big sting, suing the president, sending out all these people on the left to defend her and say, well, she wasn't drinking on the job, she should be fined, so we shouldn't fire her. And it's ridiculous. And one of the things I pointed out was she should never gotten that job to begin with because she's unqualified. And some people came at me and said, man, that's so harsh. You can't say that. Yeah, I can. I went back. I'm not a narcissistic person. And whenever people kind of present different ideas, I look at it. go, hmm, OK, maybe they have a point.

I usually do. I'm not so married to my own ideas that I can't consider other positions. And so I looked at some of that criticism and I said, okay, was I being too harsh? Let me go back and check my work on this. I don't say things just off the cuff unless I

actually mean them and they're well researched. And so said, let me go back and check my work. So I did. And I actually came back and after I realized this and I said, if anything, I was being too polite. She was woefully unqualified. And I'm going to tell you where I'm coming from on this. you just, so you don't, you know, I mean, you can think I'm a bad person, but just so you understand my position here. Okay. The Federal Reserve, it's often like people talk about the Fed and they talk about the Fed's dual mandate. You hear that on CNBC a lot, the dual mandate of inflation and employment. It's actually not true. The Federal Reserve Act that, you know, is more than a hundred years old now. The Federal Reserve Act actually has three things in it. One of them is maximum employment.

Stable prices is number two. Number three is ~ moderate long-term interest rates. So they sort of drop off the moderate long-term interest rates because they say, well, if we get the employment and the prices right, then the long-term interest rates will take care of themselves. But those are actually the three Fed mandates, maximum employment, stable prices, and moderate long-term interest rates. And so what would be the kind of experience if you're going to be on the board of governors of the Federal Reserve and a voting member of the Federal Open Market Committee that dictates the monetary policy interest rate policy, quantitative easing policy, all these things, the kinds of experience you would want to have would be, well, maximum employment. Let's have somebody with a lot of labor market experience, stable prices. Let's have somebody who understands macroeconomic policy, monetary policy, inflation, et cetera, ~ interest rates. Clearly, somebody with a clear understanding of the bond market and how buying and selling bonds actually really drives market rates of interest. And given that the Fed is also a supervisor in the US banking system would suggest that, you might also want to have somebody with some banking experience. So let's look at the Board of Governors. The chairman, Jerome Powell, and again, I have to caveat always and say, I'm no fan of at all of the Fed. think there's been a lot of, know, the Fed's been asleep at the wheel in a lot of cases. So by saying this, I'm not defending any policy decision that the Fed has made. I just want to point out the qualifications. Jerome Powell is the chairman. He was formerly the undersecretary of the Treasury for policy on financial institutions and the treasury market, the debt market. So this is a guy that with a ton of bond market experience, with a ton of financial institution banking experience. He was a research fellow at a certain point with his focus on intersection of monetary policy and its economic impact. The guy also used to be an investment banker, so he obviously has practical experience in financial markets. Michelle Bowman, who was a former banker, former chief risk officer, former state banking commissioner in the state of Kansas. So lots and lots of clearly, you know, bank supervision experience and examination experience there. Michael Barr, former Assistant Secretary of the Treasury for financial institutions, taught financial regulation at university. ~ Some of his most cited works include really boring things like global administrative law, the view from Basel, Basel meaning the Basel Accords that regulate global banking, Credit Where It Counts, the Community Reinvestment Act and its critics.

I mean, really detailed in the weeds stuff about financial supervision. Christopher Waller, formerly research director at the Federal Reserve Bank of St. Louis. So this

guy who came from the Fed ~ was had a, his entire focus was on data. In fact, he was the guy there's a, there's something they have they're called FRED. It's like a archival data system. Anything you want to know about US macroeconomic policy, you want to see charts and graphs and all this stuff. The tool is called FRED.

And it's something that actually comes from the Federal Reserve. Christopher Waller's fingerprints are all over that. He basically practically willed that into popular existence around the world. So I mean, his data credentials are pretty unparalleled. He was the chair of macroeconomic policy and monetary economics at the University of Kentucky. His cited works include money, credit, and banking, money and capital, central bank independence, economic behavior, and optimal term lengths. Again, really in the weeds stuff.

I'm almost done here, but just so you understand where I'm coming from. Adriana Kugler, who is actually the one that resigned very recently, was the chief economist of the US Department of Labor. So she's got a ton of labor market experience, again, fed mandate for maximum employment, ~ was working with the National Bureau of Economic Research Labor Studies, research fellow at the Institute for the Study of Labor. Her most cited works include, Does Employment Protection Reduce Productivity? Evidence from US States, Effects of Employment Protection on Worker and Job Flows labor market effects of payroll taxes in developing countries, really in the weeds stuff. Okay. So you get my point. Now we get to Lisa Cook. Lisa Cook is a very well-educated person. She went to UC Berkeley. She was deputy director of Africa research at Harvard. She was an advisor for international development to the U.S. treasury under Barack Obama, but was basically all about international aid and development of foreign nations, primarily in Africa. ~ Her own website, even lists as her areas of expertise and her teaching experience as development in Africa. And one of my personal favorites was the economics of baseball. This is on her own website. Her most cited works include in terms of, and you can see this for yourself on Google Scholar, distinctively black names, the morality consequences of distinctively black names, distinctively black names in the American past, and a new geography of lynching from the new national lynching data set.

Now, I'm not saying that those aren't useful things or important things or that people shouldn't be learning about those things or researching those things. That's not what I'm saying. What I am saying is that none of those issues has anything to do with maximum employment, moderate long-term interest rates, and ~ stable prices, know, the three mandates of the Federal Reserve. So when I say that Lisa Kugler was, sorry, not Lisa Kugler, Lisa Cook was unqualified, that's what I'm talking about.

If you look at every single one of these other people on the Federal Reserve Board of Governors, they all have, and again, these are people, some of these people were appointed by Joe Biden, some of these people were appointed by Barack Obama. It's not that I necessarily agree even with their policies, but I can't disagree with the fact that at least they have relevant experience when it comes to monetary policy, bank supervision, labor market economics, all these sorts of things. And Lisa Cook, simply did not have those kinds of credentials and qualifications. And where did I get this

information from? From Lisa Cook's website, her own personal website. So I don't think I was being too harsh when I said, this is somebody that just wasn't qualified for the position. So you have somebody that wasn't qualified for the position who is now, you know, there's been published evidence of at least very serious allegations of mortgage fraud with published evidence. And instead of saying, hey, these are serious allegations, I will take them seriously. I will defend myself vigorously, but in the meantime, I don't want to be a distraction to one of the most important institutions on the planet when it comes to the financial system, the global financial system. I'm going to step aside for a little bit and do the right thing. No, instead, she's acting like she's entitled to her position. And from my cold, dead hands, are you going to take this from me? And I'm going to sue the president of the United States. And I just think that's atrocious because the Federal Reserve has its backs against the wall. The Federal Reserve has missed, they missed the boat on inflation, they missed the boat on issues in the banking system, they have just been asleep at the wheel over and over and over again. And talk about an institution whose credibility is already waning and they need to focus on restoring confidence, restoring trust, restoring credibility, and this is not the way to do it. And so I said, Jerome Powell needs to take a stand here and say, no, Lisa Cook, you need to sit down and go away.

and not be a distraction to this institution because you're causing more of a problem right now than anything. And I completely stand by that view and I just wanted to present my evidence for how I came to that position.

Joe (15:33)

I think you could even take a step back and realize that this entire thing started with us talking about how she's a target to be fired for all the wrong reasons. So you didn't even think that, you're not like jumping on this like, huh, now this is the thing that I wanted all along for her to be fired in the White House to have its influence over the Federal Reserve. You were talking about preventing that. And then when this comes up, it's like, well, okay, but she ~ clearly has...

cause to be fired. And what I think your point is, that Powell is losing credibility by not acting and not removing her from the position. And that's the type of credibility that would keep them independent, that would keep their influence from being taken by the White House.

James (16:13)

by not taking a stand.

The Fed needs to show strength. The Fed needs to show that they can be trusted, that they take any allegations of moral turpitude very seriously. And I'm not even saying that she should be fired. I'm saying at a minimum, she should step aside. That's the right thing to do, is to step aside and say, right, there are serious allegations. There's actually real evidence of these serious allegations. And I'm going to step aside so I'm not a distraction to my institution. Whether or not that means she should be fired, there should at least be, I mean, it needs to run its course, you know, if there's, if I mean, they're going to refer this to Justice Department, if justice is going to take it up

and see if they want to actually charge it with a crime, you know, whatever. But I mean, at a minimum, this is causing a major distraction of the Federal Reserve. And I think Jerome Powell, the chairman of the Fed, needs to show strength and say, and take a stand and say the integrity of the Fed is the most important thing. And we're taking this seriously. So I have asked Lisa Cook,

to step aside for now and go on some administrative leave while we figure out what the hell is going on.

Joe (17:24)

But at the same time, you

don't actually think it's gonna end well if the White House continues to get more people on the Federal Reserve Board.

James (17:28)

Yeah.

Well, that's the thing that we were saying first. That's the thing we were saying first. The thing we were saying first was, look at what's happening here. What's happening here is, you know, the Treasury Department, the White House is trying to take over the Fed, right? That's, mean, we've been talking about that for a couple of months. And that's pretty clear. And, you know, I understand why they're trying to do that. I'm not trying to suggest that they're bad guys for trying to do that. I understand why they're trying to do that. But I just, all I'm saying is like, it's pretty obvious this is what they're trying to do.

Don't take my word for it. Take the Treasury Secretary's word for it. He went out and gave a speech and said, we're going to get in there and we're going to take over the Fed. We're going to get interest rates down. He's telling you what they're trying to do. He's telling you that they want to get in there and take over the Fed. now it's and this is when I particularly said I wouldn't be surprised to open up the newspaper one day and see it on the front page of the Wall Street Journal, allegations of some impropriety against the Fed official. Two weeks later, Lisa Cook was, you know, they published this thing saying like, hey, looks like she committed mortgage fraud. And our whole point was, I said, look, the Fed is a deeply flawed institution. It has been a deeply flawed institution since its founding. I would actually say that the Fed has the worst track record. And that's really saying something. The worst track record of any government or quasi-government, it's not actually a private institution, but I mean, it was kind of founded and works closely with the government. So anybody in the public sector, out of any institution in the public sector, it ranks as one of the worst if not the worst track record in terms of when you say like your mandate is to maintain price stability and your definition of price stability is you've lost, you the dollars lost 99 % of its purchasing power since, you know, in the entire history of the Federal Reserve, you're pretty bad at your job. Okay. Maximum employment and yet we've had recessions and depressions and panics and banking, you know, you're supposed to be a bank supervisor and we've had all these banking crises, you know, again, throughout

the last hundred years, most recently with the Silicon Valley bank fiasco.

In 2023, two days after Chairman Jerome Powell testified in front of Congress and said, no, everything's fine. There's no problem here. Two days later, you had the worst banking crisis since the 2008 financial crisis. I mean, these guys have been terrible. I mean, I don't mean even this particular Fed, just the Fed in general as an institution has been really bad in its history. Right. So I'm not in any way defending the Fed, but I also know if we look to history and see the whole point of having an independent Fed means that it's not the federal government that's making those monetary policy decisions, the currency, having independence means the currency cannot be used as a political tool. And this is what you see in, know, whether it was Zimbabwe or Venezuela or before Millet came in Argentina, you know, where in Argentina, Christina Kirchner, know, who was a former president, you she just put the central banker in jail. She oh, I want you to cut rates. I want you to print money. No, I'm not going to do that. Where are you going to jail? And then she would just keep putting, she would put her own people in who would just do whatever she wanted. And so the currency, the Argentine peso became a political tool. And of course it went into hyperinflation. mean, this is the thing that happens. The Romans did it. The Byzantines did it. mean, like so many cultures throughout history have debased their currency and there hasn't been any separation between sort of the executive power and the currency. And so that was sort of the whole point of this. The Fed's been really bad at it, but at the same time, I don't think the White House or the Treasury Department should have control over the currency either. And the reality is these two things are not mutually exclusive. They can both be true. It can be true that the White House and the Treasury Department should not have control over the US dollar and the Federal Reserve. And it can also be true that Lisa Cook should step aside. Those two things can both be true. And that's my point here. this is why this is a, it's not a great situation. It's a pickle. And the guy that needs to step up is Jerome Powell. This guy needs to step up and show strength and character and integrity. And instead it's just sort of crickets chirping. And that's, it's not good for the reputation of the Fed or the U.S. dollar.

Joe (21:42)

It what? Yeah. But what would it actually take to entice buyers to continue buying that U.S. debt? Because this is this is what it comes down to. The White House thinks that the Fed can just snap its fingers and get interest rates down. And it desperately needs them to do that because of this one point two trillion dollar annual interest bill. Like 25 percent of all of its tax revenue going to interest. And so it wants those interest rates down completely understandable. And it thinks the Fed can just do that.

But the last time the Fed cut rates, the interest rates didn't actually fall. The bond market responded differently. So then what would have to happen?

James (22:21)

That's right. And this was just last year.

Last year, last September, about a year ago, the Fed, you know, quote unquote, cut rates, right? It cut its policy rate, the federal funds rate, which is a very, very, very

short term interest rate. And what happened? Bond yields, US government bond yields went up. Ten-year yield went up. Excuse me, the 30-year bond yield went up. All these interest rates, the important rates on US government debt went up, even though the Fed was actually cutting rates.

And the differential between where the Fed cut its policy rate and where bond yields ended up over that period was a 2 % difference almost. So much for cutting rates, right? There was a 2 % differential between the Fed funds rate, target rate 1 % cut and 1 % increase in bond yields over that same period. So was a 2 % differential. That's a big deal. And I think they're going to find out pretty quickly that even if you, you know, even if you're able to take control of the Fed, you say, oh, we're going to cut rates and they slash the federal funds rate all zero, that's not going to move the 10 year yield. That's not going to move the 30 year yield. And those are the, you know, those are the yields that they really are interested in getting down. They want to move those long-term interest rates down. So the thing that really is going to matter and getting those long-term interest rates down is going to be the credibility of the U S government. So we have the credibility of the Fed that now is being questioned, but as obviously a lot of credibility in the US government that's being questioned. You have foreigners now that are rapidly losing confidence in the US government's credibility. And there are lot of reasons for that. Number one is, you know, they see the continued fiscal destruction, this trajectory of, you know, 22 trillion, now \$25 trillion in additional deficit spending over the next 10 years, right? It's insane. \$1.2 trillion a year, 22 % of all tax revenue going to pay interest on the national debt and that number rising very, very rapidly and nobody's doing anything about it. Nobody seems to be taking it seriously. And that's a problem. so foreigners that traditionally have been buyers of a, ~ mean, it's huge portion of the, of the U S national debt of the, of U S government bonds that get issued go to foreigners. And so they're starting to pack off and say, no, I'm not interested in this. And it's not just the fiscal trajectory of the United States. Now it's a lot of these other things. They're, they're offended.

You know, look at what happened to India, know, India is all but heard over, you know, over the tariff issue. They, know, liberation day back in, back in April, a lot of countries are very, very annoyed with that. They're very irritated with that. And so they were responding by saying, you know, we're just, not going to buy treasuries anymore. We're going to start distancing ourselves. They start looking at sanctions and the way that the U S has exercised a lot of its power. And this isn't like any, any knock on Trump. mean, Biden was doing it hardcore sanction this sanction that. And, you know, another country is saying why?

why am I going to keep holding US government bonds when the first, you the second I do something that the US government doesn't like, they're going to freeze my bonds. They're going to freeze my assets in the US. Why would I, why would I put myself at that kind of risk? So all of these factors together have pushed foreign governments and central banks to reduce their treasury holdings, to stop, to redo, it's not to say they're like, you know, dumping everything and saying, get out of treasuries.

But instead the saying, you know, we're just, we're not going to buy, you, you need to,

you need to sell another \$3 trillion here. No, I I'm good. Thanks. I'm good. I I'm happy with my holdings. And when their current treasuries mature, instead of just, you know, reinvesting the maturing treasuries and buying new treasuries saying, you know what, I'll just go ahead and take my money back. Thank you very much. You can pay me back. And then what do they do? Then I have all these dollars, right? So they end up letting their treasuries mature. They get paid back with dollars. What do they do with the dollars? They're buying gold and know, for the first time in a really, really, really, really long time, foreign governments and central banks now own more gold than they do US government bonds. And that's, you know, one of the clearest signs that, you know, there's a, there's a, you know, declining confidence in the church mark. It's also, you know, it's also a sign that the price of gold has gone up quite a lot, you know, because they're valuing that really on a dollar for dollar basis. And so a lot of that is also like an increase in gold.

Joe (26:34)

But there's also been a huge increase in the amount of ~ debt issued as well. So if all this debt is being issued and if they continue to buy that debt at the same pace, then you would think that the larger percentage of their holdings would be in that debt. So not only are they reducing that amount, but...

James (26:47)

Correct. Correct. No, that's an excellent point.

Yeah. Yeah, no, clearly it's obvious that foreign governments and central banks are buying lots and lots of gold. And we've been talking about this for years. mean, people that have been readers of ours and listeners of ours, mean, this is nothing new to you. We've been talking about this for so long and saying, this is a trend. This is going to continue. And a couple of years ago, the goal was at 1,500, 1,700. We said, look, this is cheap. This is the very beginning. Gold hit 2000. We said, this is not even begun yet. 2500. There's way more to go here. \$3,000. We're, you know, very early days. We're at \$3,500 gold now. And I'm telling you the same thing. This is not over. This is not over. Gold is going to keep going higher. Not, you know, it's not to say that every single day, the price of gold is going to go up. Every single month, the price of gold is going to go up. Or even every year, the price of gold is going to go up. This is a long-term thing.

The price of gold is going to continue to rise simply because, and I'm not saying this because I'm a gold bug. not a fanatic about, I always say this, I'm not a fanatic about anything except for my children. I have no emotional attachment to a piece of metal. I just don't, okay? I just do not at all. However, I understand the dynamics of global central banking. I understand that because this is many, many times in history.

The world has been in this situation. We wrote about today, the Byzantine empire. they, they said this thing called the gold solidus. It was a gold coin that they debased over and over and over and over again. Eventually they debased it so much people lost confidence in it. And the Byzantine empire said, all right, well, we'll just create a new coin called the hyper pyrone. And hyper pyrone was another gold coin. said, all right,

this one, we're not going to touch this one. We're not going to debase. But of course they started to debase that one. And eventually the world has kind of got sick of it.

This was the global reserve standard. You could see this thing from London to Baghdad, all the way as far off as China. There were these gold, these Byzantine gold coins that were used in global trade. And people were so desperate for an alternative. You can imagine being like a merchant a thousand years ago. Imagine being a merchant and you get this coin and you see it stamped, this Byzantium stamp on it. Oh shit. Which one, which, which coin is this one? Is this the 90 % coin or the 70 % coin or the 30 % coin? Like, I have no idea.

So I don't actually know it's a gold plate, it's just made of copper. I have no idea, right? I have no idea. So just imagine the frustration being a merchant and being handed this coin and going, dude, I have no idea. Is this thing worth anything? I have no idea. I have no clue, right? And so the entire world was so sick of it that they were ready to jump into bed with the first viable alternative. And the viable alternative at the time.

Joe (29:10)

Is it gold plated or is it solid gold? How much is that copper? ~

James (29:38)

was the Venetian gold ducat. Venice was this emerging up and coming, everybody could see it, they were super wealthy. Venice was America way before there was America, centuries and centuries before there was America. Because these guys had a very prized level of economic freedom where anybody could come from anywhere in the world and just set up shop. And if you were willing to work hard and take risks, you could become enormously wealthy in Venice. You could become enormously wealthy.

This is the place that you if you play the game of, if I could go back in time, you know, in that particular era, that was the place you wanted to go. It was the America of its day, because if you could work hard and take risks, and you were a little bit lucky men, you could become extremely wealthy. And people were doing that. People were doing that. And Venice was a very wealthy place. And they were building up this Navy and this military power and geopolitical power as a result of that. And all of sudden, they came out and said, you know what, we're good, we'll do it. We'll mint the damn coin.

And so they created their own coin called the Ducket, the Ducato. practically overnight, everybody in world was like, yep, that's the coin that I'm going that's the only coin I'm willing to accept. And suddenly these gold Duckets flooded all over the world and they are being used for business and commerce. less than 20 years later, the Byzantine government modeled a new coin basically off of the Venetian coinage. And a couple of decades after that the Byzantine government, the ruling family was off selling the Imperial jewels in exchange for ducats. That's how far we're right about it. You could imagine it's like selling off Mount Rush for ~ Swiss francs or Chinese

renminbi or something like that. mean, the reality is right now, nobody really trusts the renminbi. But you start seeing, right now it's a similar situation that the world is starving for an alternative. They're looking, they're angry, they're frustrated.

You know, they don't like being bullied. They don't like, you know, the upending of the system. And again, and it's like, I think if you really look at it on its facts on a factual basis, yeah, there are a lot of things that I think that the Trump administration is absolutely right about when they look at like, hey, there's a lot of things in global trade that are just really screwed up. I mean, really unfair, the disadvantage to the United States. And they're absolutely right about a lot of those things.

But it's also true that a lot of foreign governments and central banks are going, man, you can't just upend the whole system and expect us to be okay with that overnight with no transition period and just disrupt everything, all global commerce. And then we go back and forth. We say, it's on, it's off, it's on, it's off. there's a court case. there's a stay of execution. And it's like, how many times have the rules changed just in the last four or five months with global trade? It's like, and so they're also right with saying, man, you know, like, let's, tone it down a little bit. Let's, let's actually have a, you know, have, have a, have some stability here and figure out the way to do this and not do it unilaterally. And so I think it's easy to understand why there's so much frustration and that level of frustration leads to a natural desire for an alternative to the United States and to an alternative to the U S dollar. And right now there is none because there's nothing else.

People don't trust China. They don't trust the renminbi. They're not going to trust India. it's, mean, Ben talk about fricking disaster. I with, with, mean, 10 billion capital controls and all these stuff, you know, China has capital controls. India has capital controls. You can't, you can't be a reserve currency with those kinds of capital controls. And the U S knows that and they're, they're, they're using their events because the U S government is basically saying, what are you going to do? You don't have an alternative to me.

You need my market. You need to export to me. You need my currency because there is nothing else that you can realistically accept. And they're partially right about that, except for one thing. And that one thing is gold. Gold is the thing that every single central bank can own. And so while they're all busying themselves, they were just in China. You had Xi Jinping, you had Modi, you had Putin, you had the Iranians, you had all these guys together holding hands and singing kumbaya and slapping each other on the back and pretending like they're all friends, even though they don't trust each other. They don't trust each other. Modi doesn't trust Xi. Xi doesn't trust Putin. Putin doesn't trust anybody. Did you know, by the way, that when Vladimir Putin goes on like foreign visits, his bodyguards have to literally go and scoop up his feces?

Joe (34:07)

I've heard this before. What's the reason they don't want him to be a...

James (34:09)

Yeah, they don't want right. If Vladimir Putin does a number two that, you know, in some foreign country that those foreign intelligence agents can literally go and scoop up his feces and analyze it to make determinations about his health. They'll take they'll look at that as, that's a stool sample Vladimir Putin stool sample. Let's go check it out and see, you know, how is his health as he's suffering from something, whatever, though, that can grab his urine and they can see

Does he have some kind of disease? Is he high on this or low on that, whatever? And they'll gain some information about that. So it is literally, well, like this bodyguards will go and gather up his stools and gather up his urine. I don't know. I don't know. But like he said, let us see like Putin's bodyguards, like holding bags of his feces. Naturally, what a shit job, right? So, so, so the, you know, I mean, these obviously these guys don't trust each other.

Joe (34:48)

I see the only one do the other world leaders do that? They just

James (35:07)

They're not going to start denominating their reserves in rubles or what. It's just not going to happen. It's not going to happen. Nobody's going to hold ~ Brazilian currency with all of its 10 billion capital controls and import restrictions, all this stuff. It's not going to happen. All those guys are such a disaster. But the one thing that they all have is they all have gold. And the beauty of gold, is that nobody has to, you don't have to trust your counterparty anymore. know, China doesn't have to trust Russia. Russia doesn't have to trust Brazil. Brazil doesn't have to trust Indonesia, right? And say, well, are you going to hold onto my assets? You're to freeze my accounts? Are you going to, you know, dilute your currency? Because they're just all sitting on gold. With gold, you don't have counterparty risk. You don't have any counterparty risk because you're, you've got it sitting in your own facility. It's under your own lock and key. So nobody has to trust anybody when sort of the mutual reserve standard is gold. And so we might be looking at a situation where almost by default, because there is no other alternative, that gold actually starts to have a stronger and stronger role in international trade and global commerce and global reserve standards and all these different things that gold becomes more and more more important. And that could be the situation that we're looking at just sort of organically because everybody's got it.

These guys are buying so much of it. So they're letting their treasuries mature. They're sometimes even selling off some of their treasuries. And in exchange for all these dollars that they get back from the US government, they buy gold. And that demand for gold is driving the gold price up. And I'm telling you right now, we believe very strongly that that trend is going to continue. Why? Because there's no reason for it not to continue. All the things that are driving that trend are continuing, right? It's the US government that's kind of pushing people into this stuff. It's the debt trajectory. It's the deficit trajectory. It's the discord and chaos in Congress. You know, this is September 2nd. We're already looking at another government shutdown in 28 days. You know, and this is what's gonna come to a surprise to a lot of people who say, wait a minute, didn't they just pass the one big, beautiful bill? Yeah, they did. And yet none of that

had anything to do with the resolutions that are necessary to fund the government for the next fiscal year. So because they haven't done that, the government is now set to shut down on basically, on September 30th. So, you're four weeks away and the rest of the world's gone, here we go again, another US government shutdown in the United States. And it's more discord, oh, he's sending the National Guard, there's lawsuits, the president's going to Supreme Court. mean, it just never stops. And so all those things, and the terrorists are ruled illegal.

Joe (37:53)

And the tariffs are ruled illegal and they were on again, off again.

James (37:57)

Right.

What's the deal with trade? I have no idea. And some people are like, man, I'm just sick of it. I'm sick of it. So no, I'm not going to park \$2 trillion in the US government bonds anymore. No, I'm put it in gold. Why gold? Because you can park lots and lots of money in gold. Gold, it's a large enough asset class. It's not as big as treasuries, but it's a large enough asset class that you can move lots and lots of money into gold. I mean, a single metric ton something you can push hundreds of millions of dollars into this stuff and you can buy dozens if not hundreds of metric tons. You can move lots of money in and out of gold. ~ And this is the thing when you start putting, mean, all this rise in gold price, we did the math on this, all the rise in gold price from basically the doubling of a gold price from 1700 bucks to 3500 bucks was the result of like a couple of hundred billion dollars.

I mean, just imagine what happens if they only put another couple of hundred billion dollars, let alone the trillions of dollars of US dollar assets that these foreign governments and central banks have. And imagine if even 10 to 15 % of that ends up in the gold market. Man, you're talking about a rocket ship. You're talking about \$5,000, \$10,000 gold in no time. I don't think that's going to be the only asset that they buy, by the way.

I think for instance, central banks is going to buy other strategic assets. think they're going to buy, you know, I think they're going to be, mean, a lot of these guys have sovereign wealth funds. And so they're going to want to buy strategic assets that make sense for them. think they're going to, mean, the China has already done this. I mean, you're going to see them probably buy even more agricultural land, set up ports, infrastructure, a lot of other critical metals. Platinum is kind of an obvious one because it's expensive. So there's a lot of wealth density there, but it's also very useful.

and a lot of certain types of technology. there's a lot of...

Joe (39:52)

Platinum's interesting too because it's historically been higher than gold and right now it's like \$1400 or something. Right. And it's not even at its all time high. I guess you could see them ~ once the gold market gets a little saturated and a little hot, they might

say, well, what's another dense metal that is as a reserve, right? Not just a strategic metal, as an actual.

James (39:57)

Way cheaper, way cheaper than gold, right?

Yeah, the interesting thing about platinum is if a central bank is sitting on stockpiling lots of platinum, they look around and go, man, what am going to do with this platinum? They'll actually be able to use that in industry, especially a country like China that has so much technology manufacturing. They do so much solar power. do so many, you know, they do, I mean, you know, the automobile industry, they do a lot of catalytic converters, all these different things. They're going to need a lot of platinum for that. So they're going to look at that and say, we can stockpile this as a store of value.

But we don't ever use it, then we can sell it to our own domestic industry. So that's kind of an easy no-brainer for them. So I think we'll see a lot ~ of increase in platinum. Platinum has gone up a lot. This is also one of things that we've been telling our premium subscribers, you know, say, hey, don't ignore platinum. Platinum is going to go up in value. Here's some ways you can get exposure to platinum and benefit from this. I think, you know, people that follow our research on that are very, happy. They made a ton of money. People followed our... Yeah, a couple months back. Yeah.

Joe (41:07)

It was like 40 % since we talked about it in February, I think.

James (41:12)

Yeah, exactly. mean, it's the same thing. You know, it's the same thing with gold. You know, people that have been listening to us on that, I mean, have literally more than doubled their money. ~ You know, but what we've also been talking about is like, it's not just gold and, you know, platinum, it's these producers. And we've gone out and we've identified very inexpensive, well-managed, ~ you know, just ridiculously undervalued, profitable producers, companies with no debt.

significant profits, locked in ultra cheap production costs. And as the price of gold, the price of silver, the price of whatever keeps going up, these guys are making money hand over fist and they're still trading at two or three times earnings. And they pay a dividend. And so yeah, mean, our premium research subscribers have made a kill on some of these, they're up 2X, 3X over a period of months, let alone people that have been in it for longer term.

These are the kinds of opportunities that are out there. the reason we're talking about this is just to say, this trend's not going away. The trend is not going away. There are people that are getting sick and tired of all these shenanigans in the US government. It's not a political statement. It's sort of irrespective of who's in charge. They were sick and tired of it during Joe Biden. They were really sick and tired of it during Joe Biden's administration. Every time this dude turned and shook hands with thin air, or

~ stumbled his way up or down the stairs or any of kind of stuff. Foreign governments and central banks said, my God, I've got to get out of my dollars. I've got to get out of my treasuries. So this is something that has been going on for a while. We've been talking about it again since well, I mean, into the Biden years. We've been talking about this for a long time and we are still in early days on this. This is what I'm telling you. So if you're looking at record high gold price and saying, I missed it. No, you didn't. You didn't.

And I'm not telling you this because if you buy gold today, then it's going to go up tomorrow when the day after that and the day after that and every day after that, you've got to understand and recognize that nothing goes up or down in a straight line. Having said that, also, like nobody rings a bell and says, hey, price of gold is going to go down tomorrow. Tomorrow is going to be a great buying opportunity. buy stuff. You I mean, you and I, Joe, having this conversation, I mean, like, you know, I bought some some stocks that this literally like it's like my kid's college fund and I don't even know if they're going to go to college or if that's even going have any value at all. I think probably not, but I've set aside some money for them when they're young adults. I have literally, yeah, have, I mean, I literally have like a 15 year, I have a 15 year horizon on that. So I don't even pay attention to the stock prices, whether or not they go up or down, because I have a 15 year horizon on these things. You know, it's the same thing with, with gold. mean, we've been talking about this, you know, talking about 2032, 2033.

Joe (43:39)

kid startup fund. They want to start a business or something.

James (44:00)

as a major crisis here for the United States because that's when Social Security's trust funds are gonna go bust and they're gonna run out of money and the debt's gonna be so, the government's gonna be spending 40 % of tax revenue just to pay interest on the national debt. This is like eight years away, seven years away. So that's my kind of my minimum horizon when I think about gold and I think we could probably.

on average, probably see gold go a lot higher. But yeah, man, this is going to be months, quarters, maybe even a year or two here and there where it's flat or maybe the price falls. It's all about your horizon, right? And so I have a long-term horizon here. But I also look at, you know, I look at gold as just sort of the hedge. I look at it as a hedge because it's like, hey, it could double in value. Great. ~ And, you know, but I think you've got to pair that with

I mean, think frankly, you go a lot higher than you could triple. mean, \$10,000, \$15,000 gold. I mean, I think it could go much, much higher, but I think you've got to pair that with the expectation of the loss of purchasing power of those dollars. Right. So, you know, it's not like, Hey, I'm going to make all this money. It's I'm going to offset the adverse impact of the inflation that's most likely coming because the U S government cannot get its act together in cutting spending and restoring its own credibility.

So that's, think, an important way to look at it. I do think there are ways to make money way above and beyond any decline in purchasing power. But I think that's more on the miners and the producers and those sorts of things. think those guys are just going to, I mean, the growth in a lot of these companies is going to be explosive, absolutely explosive, much more so even than the underlying commodity like gold or platinum or silver or some of these things. So that's the way we look at this. And this just continues to be the focus of our research.

Joe (45:46)

Thanks James, it's probably a good place to stop for today.

James (45:49)

Okay, man, sounds good.