

# "In God, Not Institutions We Trust"

- Carol Roth

In this informative newsletter, Carol covers the connection between trust and money; a surprising source on the issues with the monetary system; how we are in a battle between fiat and natural resources globally; why one Wall Street strategist is looking at a "Bretton Woods III" scenario; and more.

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## ***In God, Not Institutions, We Trust***

If you have ever looked closely at a Federal Reserve note (aka US dollar bill) you would see that it prominently features the phrase “In God We Trust.”

Trust is foundational to money and wealth. Money as a system requires trust to function. Whether you are considering money in its function as a unit of account, store of value or medium of exchange, trust is paramount and without it, money fails.

The dollar bills in your wallet have little intrinsic value. What is valuable is what it represents. For the US dollar, it is a proxy for American productivity.

For several decades, that proxy was backed up by another store of value, physical gold. It was more than just talk; that store of value had a five thousand-plus year history of trust behind it.

But as the US came off the gold standard, dollar-based money became “fiat”, or backed by faith in the government and its promises. That meant those who had control of and could impact that money, such as the Federal Reserve and the government, had a responsibility to keep dollars as a credible proxy for productivity and protect such value.

Predictably, as has happened in all major modern financial empires, those with the power did not fulfill their obligations and responsibilities.

In fact, the Federal Reserve, in conjunction with the government, has managed to do just about everything to destroy trust. They have taken advantage of fiat money, overspent, and eroded the dollar’s value in terms of the purchasing power of your productivity.

The Fed and government have also failed to keep the dollar stable as a global reserve currency. They have weaponized the US’s financial position, which is leading many powerful and resource-rich countries to re-think the pricing of commodities in dollars.

They have failed to create an environment domestically that created a prosperous economy for all to participate in and generate wealth. Instead, they have helped transfer more wealth from the average American to the already wealthy and well-connected.

They have failed to be austere and thoughtful with debt, securing their power at everyone else’s literal expense. The word “credit” comes from the Latin word “credere,” which means trust. But today, who are we trusting and why, when they have proven time and again to be untrustworthy?

Not only have their actions not been trustworthy, but neither have their words. We were told that inflation wasn't going to be an issue and then, we were told it was going to be transitory (along with that, we were told it was consumers' fault, businesses' fault, and good for you, among other lies) when even those with little formal economic training knew adding trillions of dollars in stimulus to any economy- let alone a supply-constrained one- was a ticking inflation bomb.

They have spun a litany of lies about inflation, energy policy, and the state of the economy and markets.

Recently, the Treasury Secretary, Janet Yellen did a 24-hour about-face regarding market liquidity. On October 11, 2022, in [an interview](#) with CNBC, she said that "We really haven't seen signs of financial instability in the United States and our financial markets... They continue to function well..." In a speech the very next day, it [was reported](#) that she expressed concerns, saying "We are worried about a loss of adequate liquidity in the market," referring specifically to the Treasury market.

That behavior neither inspires trust nor confidence.

The precarious financial situation that the US powers have created has been elucidated- as well as potentially exploited- by none other than Russian President Vladimir Putin. While none of us are likely a fan of his or his actions, he clearly sees what many in our domestic media don't (or refuse to report). In a June speech, Putin [said](#), "Because they could not or would not devise any other recipes, the governments of the leading Western economies simply accelerated their money-printing machines. Such a simple way to make up for unprecedented budget deficits...over the past two years, the money supply in the United States has grown by more than 38 percent. Previously, a similar rise took decades, but now it grew by 38 percent or 5.9 trillion dollars in two years. By comparison, only a few countries have a bigger gross domestic product."

He continued, saying:

"According to the IMF, global currency reserves are at \$7.1 trillion and 2.5 trillion euros now. These reserves are devalued at an annual rate of about 8 percent. Moreover, they can be confiscated or stolen any time if the United States dislikes something in the policy of the states involved. I think this has become a very real threat for many countries that keep their gold and foreign exchange reserves in these currencies."

“According to analyst estimates, and this is an objective analysis, a conversion of global reserves will begin just because there is no room for them with such shortages. They will be converted from weakening currencies into real resources like food, energy commodities and other raw materials. Other countries will be doing this, of course. Obviously, this process will further fuel global dollar inflation.”

Putin well understands the trust that has been wiped out and the precarious situation that the US government's and Fed's financial irresponsibility has created.

Further hinting that Putin's actions are exploiting the US and its allies' financial weaknesses, bad policy and overall poor strategy, he [said](#) in a speech several weeks ago, “But people cannot be fed with printed dollars and euros. It is impossible to feed with these pieces of paper, and it is impossible to heat a home with the virtual, inflated capitalization of Western social networks... you can't feed anyone with paper money – you need food, and you won't warm anyone with these inflated capitalizations – you need energy.”

And with that, he ties the issue up in a bow. There is an economic battle brewing, and those we don't trust may turn that battle into a full-fledged economic war.

Our money says, “In God We Trust,” not to trust the government or the Federal Reserve. You can give your trust to them when they work to earn it. When they don't, what exactly are we trusting?

Trust yourself and make your own plans.

There are several outcomes that may befall us, but you should be prepared for things to go very sideways, given that trust is evaporating at a rapid pace. Short-term, there may be few places to hide, but long-term, I tend to agree with many economic researchers who believe that hard assets are an important investment.

The thesis for precious metals like gold playing a role in a financial reset brought on by this lack of trust, particularly over the mid- to long-term remains strong, in my opinion, as I don't believe the level of trust that has been lost, added to the global financial backdrop that includes substantial sovereign debt and the underfunding of developing a pipeline of natural resources bodes well for the current global financial order.

In a *Bloomberg* podcast [interview](#) earlier this year, the global head of short-term interest rate strategy at Credit Suisse Group AG, Zoltan Pozsar referenced that he believes a “Bretton Woods III” scenario may emerge, “...a world where we are, again, going to go back to commodity-backed money – where gold, once again, is going to play a big role. And not just gold, but I think all forms of commodities.” *(Note that even Credit Suisse is currently finding itself caught up in a precarious financial situation).*

Don't panic; diversify, hedge, research and make sure you trust who you do business with. If you are seeking help in terms of adding to your physical gold position, consider giving my friends at Goldline a call (they have earned my own business and trust).

Eroding trust often becomes a self-fulfilling prophecy when it comes to markets and the economy. Keep your eye on this and trust (plus verify!) only those who have earned it.

**\*The views and opinions expressed in this newsletter are those of Carol Roth and do not necessarily reflect the views or positions of Goldline or its parent company or affiliates. These views and opinions may have been previously disseminated on television, radio, Internet or another medium.\***

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