



Brien Lundin 07/08/2025

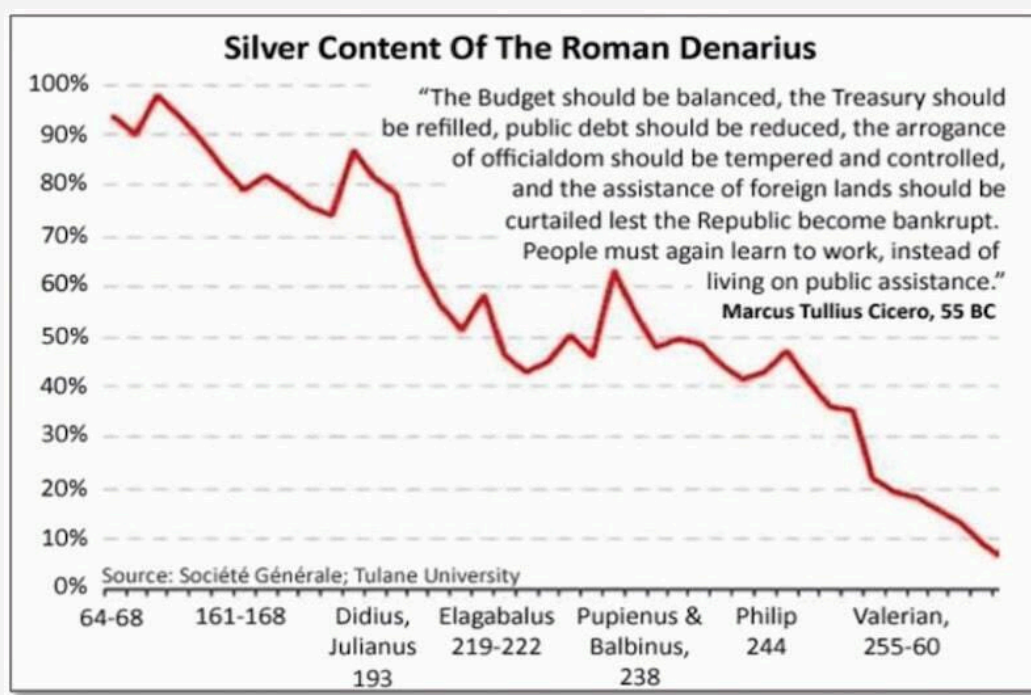
Insuring Against A Certain Catastrophe

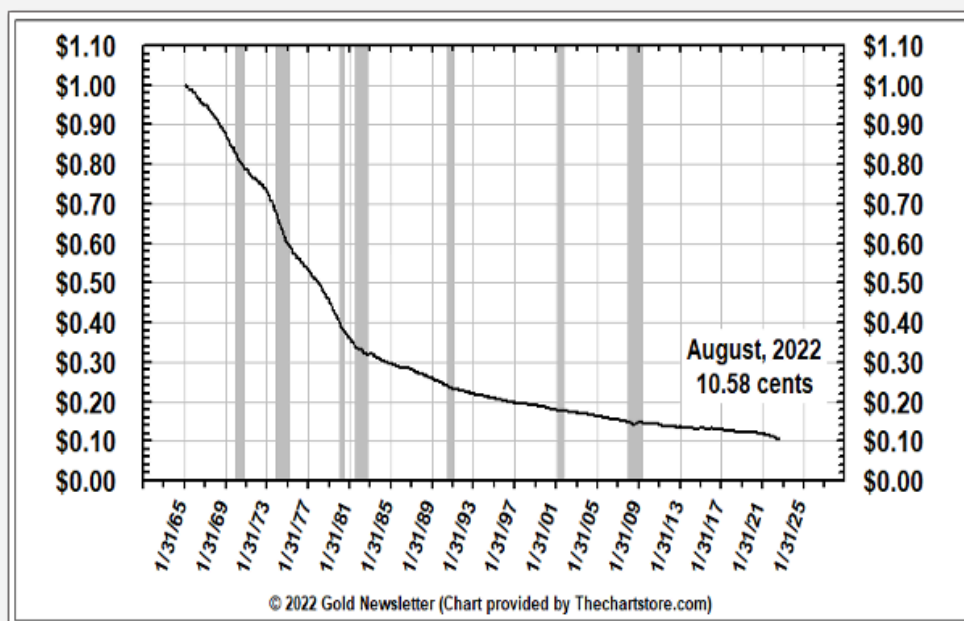
History tells us we need to own gold and silver, regardless of what the current “price” may be. I occasionally give presentations on gold and silver to audiences that aren’t familiar with the sector. So I try to include as much of the basic rationale for owning the monetary metals, stressing that there are two distinct reasons to do so — as insurance and as an investment.

To illustrate the importance of the former, I present this chart showing the depreciation of the Roman denarius silver coin through the history of the empire:

Almost without exception, their reaction is something along the lines of “That’s interesting...but it could never happen here.”

To which I respond, it already has:





Purchasing power of the U.S. dollar

The realization that the U.S. dollar has experienced a loss of purchasing power that was almost identical to that of the Roman denarius — which was directly associated with the collapse of that empire — really wakes up an audience of investors who have never been aware of what has been happening around them.

The chart of the denarius is a bit misleading, as there are a few 60-year periods that mirror the experience of the last 60 years with the U.S. dollar.

In fact, my choice of 1965 as the starting point for the dollar chart above was not arbitrary: It is the date that silver was removed from U.S. coinage. In other words, what took centuries for the denarius was done with one fell swoop with the dollar!

I was reminded of this recently when my long-time friend and economic historian Gary Alexander published a column for Louis Navellier on the 60th anniversary of silver's removal from coinage.

I hadn't realized that the anniversary was coming up — it was announced in June of '65 and went into effect in July of that year. But no anniversary of any significance escapes the steel-trap mind of Gary...and he duly reported on the event with his usual flair:

Modern Monetary Theory (MMT) is a new term (since 1993) for printing paper money out of thin air, but coin-clipping is as old as time. In fact, a major milestone in fiat money took place 60 years ago, on June 3, 1965, when President Lyndon B. Johnson wanted to push all his federal chips in on "Guns and Butter" to fund the Vietnam War to the full, while sending men on rockets to the moon and expanding welfare spending to the max (ending poverty!) and inventing new entitlements (Medicare and Medicaid), which have made cutting federal spending practically impossible, as we have seen in the resistance to DOGE.

Inflation Has Soared 10-fold (and Gold is up Nearly 100-Fold) Since 1965

There's a great deal of jawing about whether current politicians are "following the Constitution" these days, but I can read. I'm an editor by training, and when I read the Constitution, it does not authorize our unbacked fiat money, nor our unlimited "Guns and Butter" spending since 1965, which have thrown us into a \$37 trillion debt hole and unprecedented 10-fold inflation. In fact, the Constitution prohibits it.

The Constitution did not vest our federal or state governments with any authority to issue unbacked paper money, which the Constitution termed "bills of credit." The nation's then-recent (1778) experience with worthless cardboard money during the American Revolution led to the highest inflation in our history, so Article I, Section 10 said: "No State shall...emit Bills of Credit; make any Thing but gold and silver Coin a Tender in Payment of Debts." That's about all the Constitution has to say about what real money is.

There was virtually no inflation in America's first 150 years, except for the Civil War and a few other brief outbreaks, but the truly rapid attack of inflation came after President Johnson took silver out of America's coins as a result of the Coinage Act of June 3, 1965, which LBJ signed into law on July 23.

Like President Nixon's later abandonment of the gold standard (in 1971), this move came due to pressure on the fixed price of silver (capped at \$1.29), causing hoarding of silver coins. This hoarding (saving?) caused LBJ to ask Congress to authorize him to take silver out of our dimes and quarters and create a 40% silver-clad Kennedy half-dollar. On signing the bill, LBJ warned against hoarding any silver coins:

"If anybody has any idea of hoarding our silver coins, let me say this. Treasury has a lot of silver on hand, and it can be, and it will be used to keep the price of silver in line with its value in our present silver coin. There will be no profit in holding them out of circulation for the value of their silver content." (–LBJ, 1965)

He was dreaming (or more likely, knowingly fibbing, since silver was fast disappearing). Gresham's Law, named after Thomas Gresham, financier to Queens Mary I and Elizabeth I, was a 400 year-old axiom that said, "Bad money drives out good," meaning people will naturally hoard silver or gold and spend the debased coins. Within three years, silver was trading at \$2.56, twice its 1965 price, then it hit \$50 in 1980.

Inflation began to soar after gold (1933) and silver (1965) were taken out of our coins. When the Federal Reserve was born in 1913, the Consumer Price Index (CPI) was set at "10." Through two world wars and a postwar boom, the CPI only tripled after 50 years, reaching "30" in 1963. In my first job as a freshman college janitor in 1963, I earned 90-cents an hour, under minimum wage, and tuition was \$480 per year.

In the 60 years after the removal of silver from our coinage, the CPI grew 10-fold, from 31.6 during the summer of 1965 to 317.8 at its last reading, in March 2025. The dollar is down 98.9% to gold.

The Cheapest Insurance You Will Ever Buy

We complain all the time but the skyrocketing costs of home insurance (and for me and my friends down here in New Orleans, flood insurance!).

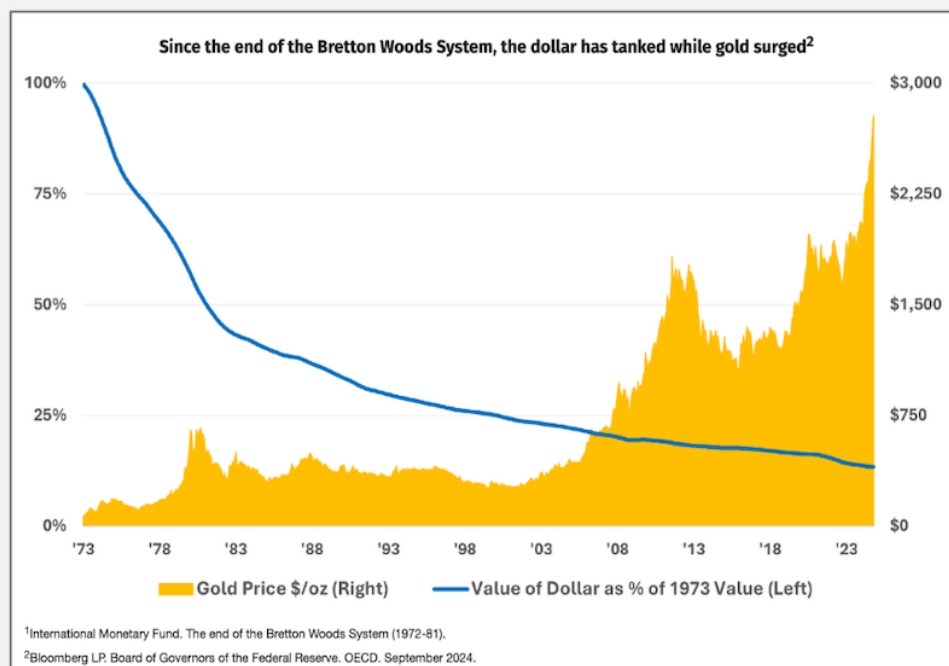
But there's one type of insurance you can buy that is always cheap — gold.

Consider the advantages of this insurance:

- You only have to pay the premium once...
- It always pays off full value (if not more) and...
- It protects you not against a possible calamity, but one you know is going to occur: the loss of purchasing power in your currency.

History shows clearly that, over broad swaths of time, gold has always protected people from the depreciation of their currency. This is as true today as it was in ancient Rome and every other civilized society.

Consider what gold has done against the dollar, as it lost 90% of its purchasing power during that period after silver was removed from our coinage:



Of course, if you're buying gold as an investment, you need to consider the current price level and how far it's already run. Fortunately, silver and mining stocks have lagged and still remain long-term values...which is why new investors coming into the sector are focusing on those areas.

But if you're buying gold as insurance for your wealth (and you should!), you needn't concern yourself with the current price.

That's because you can lock in the current purchasing power of your dollars by buying gold with those dollars (hat tip to my friend Robert Helms for this clarity).

The lesson is that human nature never changes. That means governments have always and always will debase their currencies. It also means that we're prone to procrastination in protecting ourselves against this certainty.

So don't let either happen to you. Act now to get positioned in gold and silver as insurance...and mining stocks as investments.

All the best,

Brien Lundin

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