CAUTION: Investment Extremists Can Get Wiped Out

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In 1985, America was just coming off one of the worst bouts of inflation in its history. Much as today, with inflation trailing off but still a worry in everyone's mind, an argument naturally broke out between extremists in the financial media over whether America was poised for reignited hyperinflation or a deflationary death spiral. I had recently pioneered the Financial Armadillo Strategy and was asked to add my voice to the discussion with an op-ed in the June/July 1985 issue of *Reason* magazine. Instead of piling on with more extremism, I wrote:

> *In the last decade, the world economy has become increasingly complex and unpredictable. Today, depending on the evidence being considered at the moment, you can make a compelling case for deflation and depression, hyperinflation, and every*

> *economic scenario in between. As an economic and monetary analyst, I have my own carefully considered opinions on the subject. However, they are opinions, not guarantees of the future. No one can be absolutely sure what tomorrow will bring.*
>
> *The major protagonists in the deflation versus hyperinflation controversy are urging investors to choose sides. They claim an individual's financial future depends on betting the right horse. This may be true for speculators trying to make a killing in the financial markets, but it is emphatically not the case for capital-preservation-oriented investors, who should be preparing themselves for any economic eventuality.*
>
> *The "Financial Armadillo Strategy" is designed to preserve and enhance individual wealth in every conceivable future economic environment. Like the armored little creature from which it gets its name, the Financial Armadillo Strategy is both offensive and defensive in nature. It adapts to a wide range of investment climates and promises to endure, whatever economic upheavals may be on the horizon. The armadillo has survived since prehistoric times. Armadillo-strategy investors will be among those to survive what could truly be a tumultuous economic future.*

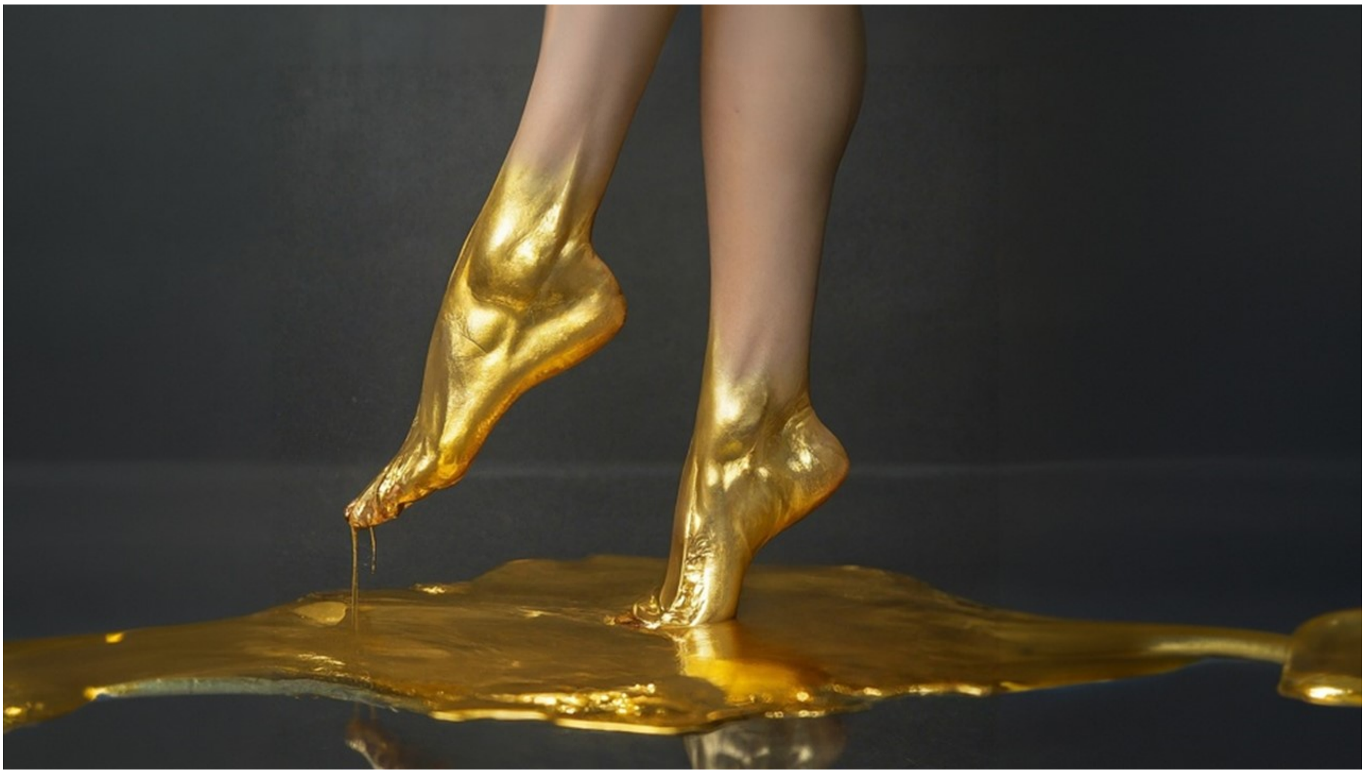
Then, as now, I encouraged investors to avoid extremism and emotional advice in the face of the inflation-deflation argument. I concluded:

> *It's not easy for individuals to ignore the often emotional advice given by financial pundits on either side of the inflation-deflation issue. Even an extremist can, on occasion, be correct, and those who follow such advice can make a quick killing. However, when extremists are wrong, their disciples can be wiped out. It's better to be safe than sorry. The Financial Armadillo Strategy offers a common-sense way to deal*

with the unknown.

When you want to discuss common sense approaches to the investment unknown, visit www.younginvestments.com, and give my office a call. In the meantime, [click here to subscribe to my free *Young's World Money Forecast* email alert](). It's your port in a storm.

Dip a Toe into Gold



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In June of 1993, *Bloomberg's* Pam Black asked me how to stay ahead of the inflation curve. I told her to "dip a toe" in gold. I continued:

"Buy it with the idea that you won't make any money. Hopefully, your other assets will do well, but if they don’t, you’ll be damn happy you were in gold.”

Take a look at the chart below, and you’ll see how gold and the dollar have performed since that article was published.