



Dawn J. Bennett, Host of Financial Myth Busting, Writes Article, "Responding to the Gong Show World"

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Washington, DC -- (ReleaseWire) -- 11/02/2016 -- As we move into the last days of this election, an apt comparison is being floated between what we're seeing on our political stage and what TV viewers of the late 1970s saw on their screens when they watched The Gong Show. For those that don't recall, The Gong Show was a "talent" show featuring absurdly un-talented amateur performers, where the least deplorable of the lot won silly and valueless prizes. Surely after that recap, the similarity is clear? We face two equally absurdly unsuitable candidates, but the difference is that the judges (the American people) will be awarding one of them a prize that is neither silly nor valueless: the presidency.

Pop culture critics and social historians point out that The Gong Show was a reflection of its time, a response to the uncertainty of a world where Nixon had only recently been pardoned, where the war in Vietnam had just ended, where the Arab oil embargo was causing rationing of gasoline, high prices, and long lines at filling stations. Absurdity often follows uncertainty. In our case, though, that uncertainty also comes with great economic risk, and neither of the two contestants in our electoral Gong Show have shown any indication that they have the chops to lead America to a strong and vital economy, one worthy of the American dreams they keep espousing.

It is not just me that feels this uncertainty, and not just retail investors. Goldman Sachs explained this recently. More uncertainty reduces the incentive for corporations and firms and even households to engage in the typical day-to-day economic transactions that keep our GDP going, reducing the confidence for things like making investments, hiring workers, increasing warehouse sizes and purchasing durable goods. This confidence will only return with the knowledge that the government and economic policy of this country is supporting businesses. As Goldman Sachs said, "The consequences of an uncertain shock may prove more harmful than anyone could assume." Our economy and even our political system is working against the people that need it to thrive.

HSBC issued a red alert in Business Insider News over the imminent sell-off of stocks, saying the U.S. stock market is artificially propped up by the Fed, but their ability to stimulate the economy has worn out. It's only a matter of time until Yellen raises rates, and that will certainly drop stock prices. Some research indicates a minimum drop of 22% with possible worst cases in the 50% to 60% range. The IMF has issued stability warnings over Deutsche Bank, whose balance sheet crisis has been very much in the news, with Goldman Sachs backing up the IMF's comments. Deutsche Bank is Europe's largest investment bank, and overloaded with toxic debt. Its fall could topple entire countries. And Bank of America warned on CNBC that a recession is imminent, saying that we are seven years into a full-fledged, all out era of central bankers doing everything they can to stimulate the economy, and it's not working.

What can we do, then? One of the most dangerous and misunderstood myths is that you should just keep your money in cash and deposit it in the bank. You think that, once that money has been deposited, it's still yours, but it's not, it's the bank's. What you now own is a promise to repay that money. You have become a creditor of the bank, liable to get burned if the bank makes a bad bet and gets into trouble. The risk is not insignificant when banks use that money to buy into faddish schemes like mortgage backed securities. Even the FDIC, with their current reserves, could cover less than a penny for every dollar they insure. What happened in Cyprus was a wake-up call. People woke up on an otherwise perfectly normal Saturday to find that the money in their bank accounts was simply gone, and they have yet to get it back. This was a potent example of the risks inherent in being entirely dependent on a single country.

Remember, though, not everyone went down with the Titanic. The example of Cyprus is one reason I'm such a fan of owning not only hard assets like gold and silver, but assets that are politically and geographically diverse. Most people have exposure only to the U.S. dollar, so if there's a way to find exposure to other strong currencies like the Singapore dollar, you should do it. This leaves you less dependent on any single country and ensures that no single group of bureaucrats can ruin your finances. This sort of freedom can be life changing.

By the way, The Gong Show? ABC announced in early October that they were bringing it back to prime time. Just in time, it seems.

For over a quarter century, Dawn Bennett has been successfully guiding clients through the complexities of wealth management. Her unique vision and insight into market trends makes Bennett a much sought after expert resource with regular appearances on Fox News Channel, CNBC, Bloomberg TV, and MSNBC as well as being featured in Business Week, Fortune, The NY Times, The NY Sun, Washington Business Journal in addition to her highly regarded weekly talk radio program - Financial Mythbusting. Through prudent and thoughtful advice, Dawn Bennett has strived to consistently provide the highest quality of guidance.

About Dawn Bennett

Dawn Bennett is CEO and Founder of Bennett Group Financial Services. She hosts a national radio program called Financial Myth Busting <http://www.financialmythbusting.com>.

She discusses educational topics and events in the financial news, along with her thoughts on the economy, financial markets, investments, and more with her live guests, who have included rock legend Ted Nugent, as well as Steve Forbes and Grover Norquist. Listeners can call 855-884-DAWN as well as take podcasts on the road and forums for interaction.

She can be reached on Twitter @DawnBennettFMB or on Facebook Financial Myth Busting with Dawn Bennett.

Media Relations Contact

Dawn Bennett

<http://bennettgroupfinancial.com/>

Contact Us

☎ 855-593-5640 | US

☎ 920-593-5640 | Int

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