

## If It's Not A Hard Asset, It's No Asset



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There are many people that give you a list of things you should have if something bad suddenly happens. There is nothing wrong with that but many people never give much thought as to why those things are valuable during or after a crisis.

How many times has someone told you to hold physical stock certificates or treasuries in case the banks are shut down or keep your credit card paid up just in case you need to make emergency purchases? I'm guessing not very often. Why is

that? In normal times it might be a smart thing to do but in a serious crisis that has the capacity to change society, those things become worthless.

Everyone has read the many stories about what would happen if the power grid were to go down. Basically everything that depends on electricity would stop working and become useless. Well, if the banking system were to shut down because of economic collapse, cyber attack or a grid down scenario, everything connected to the banking system would stop working as well.

If you were holding a credit card, what good would it do when it is issued by a bank and depends on credit created by the bank to work? No bank, no credit, no working card. Having a physical stock certificate in hand might seem smart but once the banking system is shut down, what will you do with that piece of paper? Even if you could find someone to buy it, how will you get paid? If the monetary system has collapsed, what medium will you take payment in? Even if you find a person to buy it, and they give you cash, is that medium of exchange going to be worth anything?

That certificate shows you have ownership in a company but with the monetary system shut down, how much will that company be worth as time goes on? If you have money in retirement accounts, savings accounts or checking accounts and the banks shut down, all you have to prove you have money is a monthly statement. You have nothing. Paper assets only have potential value if normalcy returns to the system following a crisis.

In normal times, little pieces of paper or plastic make everyday life possible but when normal times end you need something in hand you can actually use. Keep in mind that any wealth you have invested or in the bank or retirement account is potential wealth. It only becomes actual wealth when you trade it in for something you actually need or want. It only becomes wealth when you trade it for hard assets.

There is a reason people give lists of physical goods to deal with a crisis. You cannot use potential wealth to provide everyday needs, it takes physical goods. Many people like to say you cannot eat gold, well a paper certificate does not make a very good meal either. The primary difference is that gold has a store of value because it takes work to produce it just like copper, nickel or any other metal, it just happens to be worth more because it is harder to produce than others due to lower quantities in the ground.

When potential wealth no longer exists or is unavailable for extraction from the system, if you do not have physical goods on hand to provide for your needs you will suffer. It is that simple. That is the whole idea behind buying physical goods for later use. When you buy and store it you have actual wealth at hand and no counter party risk.

What kinds of hard assets should you hold? That answer will be different for different people. For someone with limited skills it may be necessary to hold things such as precious metals so you will be able to trade for the things you cannot produce yourself. You may also want to hold books that provide you with the knowledge you lack. For someone with skills, some of those hard assets may be held in the form of tools that they can use to perform their skill or service.

There are some hard assets that are universal such as food, water filtration, weapons, energy production equipment, medical supplies or clothing. Some hard assets are durable, they can be reused, such as weapons and water filters and some are expendable, you only use once, such as medical supplies or food. You need to distinguish between the different types of hard assets and hold them in the appropriate quantities as you deem necessary.

One of the primary things people need is shelter. A home could be considered a hard asset but if that home burns down or you do not own it in full it is no longer an asset. As far as that goes, the land under that home is a good hard asset to own in full. All hard assets are not created equal so you need to give each of them the value they deserve.

When fiat currencies fail, one of the only things of value left standing will be hard assets that are needed by individuals for everyday needs. The paper promises will dissolve along with the public confidence in the banking system. One of the other things left will be the knowledge and skills people possess that can be turned into hard assets. In a sense, a knowledgeable person is a hard asset that can be utilized to secure needs and services so don't overlook that.

A hard asset is something that will maintain its usefulness through good times and bad, especially when normal times turn into chaos. If you have not done so already, now is a good time to determine what hard assets you have that you can depend on when the system fails. Everything works until it doesn't. This is especially true for ponzi schemes and fiat currencies. Don't be the last one holding paper when chaos strikes. You may live to regret it.

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