WHO IS THE REAL BILL BONNER?
I explore the world of money.
It is a desultory exploration. I never know exactly where I am going, so I cannot go right to it.

Instead, I keep my eyes open to the details we see along the way and often get distracted.

In the 1970s, after President Nixon changed the world’s monetary system, I was deeply involved in a quixotic, but remarkable, effort to stop the U.S. government from wrecking the country.

After Nixon cut the last link between the dollar and gold – the saving grace of every monetary system since Hammurabi – your editor saw the handwriting on the wall. It said “Debt disaster coming!”

As director of the National Taxpayers Union, he worked on two major initiatives to stop this disaster from occurring.

One was an amendment to the U.S. Constitution. The “Balanced Budget Amendment” would have blocked the feds from running deficits except in times of war or national emergency.

Thirty-two states approved the amendment – two short of those needed to implement it.
(Now we see how easily the feds could have gotten around this amendment anyway: We have a state of war all the time!)

The other effort was a lawsuit.
On behalf of America’s children, we sued the U.S. government in Bonner vs. Baker. “Baker” was James Baker, who, at that time, was the U.S. Secretary of the Treasury.

National debt was a tax on future generations, we argued. Laying on this sort of intergenerational obligation amounted to taxation without representation and should be banned.

The court threw out our suit.

A Sobering Realization
It was while we were thus engaged in protecting the republic that Ronald Reagan won the 1980 presidential election.

We went to his inauguration and celebrated; it appeared that the battle had been won neither in the courts nor in the states but in the national election.

Somehow, and against all odds, Reagan was a fiscal conservative. He would restore order to America’s finances.

Or so we believed...
But at that moment, the Republican Party went over to the dark side.

Under the influence of Dick “Deficits Don’t Matter” Cheney... and Reagan’s first secretary of the Treasury, Don Regan... the Gipper started to run up some of the biggest deficits in U.S. history.

Reagan’s budget director from 1981 to 1985, David Stockman, documented it all from the inside in his excellent book The Triumph of Politics: Why the Reagan Revolution Failed.

That is when we decided that trying to save “the system” was a lost cause. We decided, instead, to try to save ourselves.

We left the National Taxpayers Union and began building a group of independent researchers, analysts, and advisors who could help folks survive and prosper in what we thought would be a difficult and dangerous world.

As it turned out, the world wasn’t so dangerous at all. Instead, it appeared benign.

A stock market boom took the Dow up to 18 times its 1982 level. And the Fed’s “Great Moderation” made it appear that the good times were here to stay.
Nevertheless, we persevered...

What I Learned in Three Decades of Publishing Investment Advice

I have been publishing investment advice since 1980 – that’s 35 years of tracking, reading, and publishing financial analysts.

I got started, like I did with so many other things in life, by thinking it was much easier than it really is. I presumed that of the many analysts offering investment advice, some would be good and others not so good. I teamed up with Mark Hulbert – then a recent graduate in philosophy – to track the leading investment gurus and report the results.

The first thing we realized was that tracking investment advice was not a simple matter. What are you supposed to do when an advisor says, “Buy on weakness”? Or suppose he says, “Prospects for XYZ Corporation do not look good. You may want to lighten up...” What does that mean?

One of the first things I decided to do was offer clearer advice!

And when Mark began making guesses about what they really meant, developing protocols for tracking their advice in a methodical way, he quickly discovered that there are many ways to skin a cat. Investment advisors are quirky. They are often prickly, too. And unreliable. You can track their performance and find out who was No. 1 last year… but as the SEC reminds us, past performance is no guarantee of future results.

Mark persevered and has contributed substantially to our understanding of both the theory and practice of investment advice...

Are some advisors better than others? You bet...but their performance varies as market conditions change.

Do they beat the “random walk” that you would get from throwing darts at pages of The Wall Street Journal? Yes, they do. But sometimes they underperform, too.

Do all the top performers use the same approach? No...There is no one clear route to investment success.

For the ancient Greeks, the center of social activity was the Agora, a lively marketplace where people came not only to buy and sell goods but also to meet and exchange news and ideas. That same philosophy is what drives Agora Inc.

We’re a holding company for various publishers of financial, health, travel, and special interest books and newsletters – each offering ideas, information, and insights you can’t find anywhere else.

Now we have offices in 10 countries. We publish in Chinese, Spanish, Portuguese, French, and German. And our readership continues to grow.

Chapter 2

An Unchanged Message

Some of what we publish is very practical – such as how to get the best price for an airline ticket or how to best manage arthritis pain. Other topics are rather abstract – such as man’s relationship to the state or how monetary policy affects our lives. But all of these messages have something in common. They all celebrate the virtue of thinking independently and taking responsibility for your own life.

Our message has been unchanged for over 30 years: You can’t build a healthy economy on debt. And when things go wrong, you can’t fix it with more debt.

That is what we’ve been saying for over three decades. And for over three decades, we have looked like a fool.

But to a growing readership, the analysis made sense, and the advice made money.

In America, our list of readers and subscribers grew. And in the 1990s, we took our message overseas – to Britain first... then to France. For 20 years, we lived overseas, where we were starting and nurturing satellite businesses.

But apart from our readers, few people have heard of us. Your editor has never been a candidate for mayor of New York. Nor for anything else.

And if by some fluke he were elected to public office, he’d claim voter fraud.

He doesn’t live in Manhattan or Malibu. His name never appears in the paper. He goes to no power lunches. He attends no board meetings. And he hobnobs with no one you’ve ever heard of.

Instead, here he is... a nobody... on the high plains of South America, with a group of gauchos, a laptop computer, an unreliable Internet connection, and nothing between him and God but a $12 sombrero.

What gives?

Betting Against the Consensus

Our experience inside the Beltway left us with a profound distrust of the media, the politicians, and their cronies in the “private” sector.

The system is corrupt and self-serving. It turns jackasses into celebrities and makes claptrap sound respectable.

But when you are in the middle
In 2010, my son Will and I started Bonner & Partners, a new publisher under the Agora umbrella.

Behind our flagship publication, The Bill Bonner Letter, we set out to try to understand how things work. Every little sliver of real understanding takes time and effort to come by. Remember, we seek wisdom; the money will come later. And if it doesn’t come, at least we’ll be wise enough to know we didn’t really need it anyway.

Some readers will reply, “Forget the mumbo jumbo; just tell me what to buy.” Their instincts tell them that they must “do something”...They must act...They must make a move lest they miss an opportunity to make money.

But the investment world doesn’t work the way you might think. It’s not action-oriented. Au contraire, it favors inaction. It punishes confidence and spans fast decisions. Patience and procrastination, on the other hand, are often offered a drink and a piece of pie.

That’s why the most successful businessmen and professionals are often the worst investors. Typically, men and women build their careers and their fortunes with purposeful, logical action. They see what needs to be done, and they do it. Then, by the time they reach their 50s, they have some money to invest and the moxie to move fast at it. They apply the same personality and techniques that brought them success in their careers.

“Take charge! Get it done!” That kind of guy may be a business dynamo. But he is often a disaster when he turns to investing. The stocks he picks underperform the averages. His timing is terrible. And his investment instincts are all wrong.

Three Basic Skills for Building Wealth

As we’ve been telling members of our family wealth advisory, Bonner & Partners Family Office, family issues are usually far more important to your wellbeing, your happiness, and even your financial security than money.

But they share several similarities. In both cases, success depends on habits, personalities, and luck. Virtue pays off – not always but often. Fidelity. Humility. Generosity. Steadfastness. Hard work. These all tend to pay off in the end, too.

Even if it doesn’t work this way, you are probably better off believing it does. At least then, when things don’t work out, it’s not your fault.

Now we can’t give personalized financial advice. But we have some general thoughts.

For anyone beginning to build wealth, we have some million-dollar advice that we will give to you for nothing: Keep it simple. Keep it cheap. And keep at it.

The basic skills for building wealth are so simple they barely deserve mention. And like building a family,
they take time... often a whole lifetime.

1. Spend less than you earn...
2. Invest carefully in the surest, safest things you can find. (There’s nothing wrong with a highly diversified, low-cost index fund.)
3. As you earn more money, then... and only then... can you afford to splash out on lifestyle enhancements and more sophisticated investment tools.

Do this for 20... 30... 40 years... Then let us know how it works out.

In the meantime, we hope that our modest insights and humble thoughts in The Bill Bonner Letter are worth the money. But please don’t spend any more... unless you have the money to make more expensive advice worthwhile.

And no, we are not saying that sophisticated, alpha-hunting systems won’t work. In the right hands, at the right time, they can work spectacularly well.

But finding them takes time and knowledge. The amateur will almost certainly run out of money before he runs into an expensive trading program that makes him rich.

For those who do like to tangle with Mr. Market, we sell investment research, analysis, and advice. And our marketers work hard to make them sound as attractive as possible.

**The Most Honest Way of Doing Business**

We hear from subscribers every day who don’t understand the way our marketing works.

They’re annoyed, and they’re suspicious of the promotional offers we send on behalf of our friends, our partners, and ourselves. We even feel that way ourselves from time to time.

Subscribers don’t like to feel like we are preying on them – like a hawk looking for field mice. We don’t like having to work so hard coming up with snappy new sales pitches. We also don’t like it when customers think we are a bunch of shysters.

But the thing is... our model – though noisy and over-the-top in many ways – is the most honest way of doing business we can find.

By that, I mean it aligns your interests with our interests. Unlike the mainstream press, we don’t make our money from corporate advertisers. And unlike Wall Street, we don’t take commissions or fees from the companies we cover in our newsletters.

Instead, we sell ideas, information, opinions, and recommendations. What you see is what you get. There’s no more to it. All we have to offer is words... sometimes sober, sometimes wild.

(As Keynes put it, “Words must be a little wild because they are the assaults of thoughts...”)

In more than three decades in the business, we have built a loyal readership. Our marketing – offering strongly worded opinions and ideas – has helped make that possible. And it is the only thing that makes it possible for us to send out a free daily commentary, for example.

**Bill Bonner’s Diary**, our free daily e-letter, takes about six hours a day to research and write. And there are a half-dozen other people who edit it and make sure it gets sent out.

You get all of this at no cost to you. All we ask is that you keep an open mind about the other products and services that are offered. That’s the deal.

But if you prefer to get fewer ads, you can select the unsubscribe link found in the footer of every Bill Bonner’s Diary email.

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