



By: **Emre Alkin**

Advice for Gold Investors



As soon as Trump took office, he began to take action to implement his plans. However, he is realising that the situation is not as easy as he thought.

As **protests** grow nationwide due to his actions and decisions, the Italian Prime Minister **establishing** psychological superiority over Trump in the Oval Office has made headlines worldwide.

From attempting to replace government officials to implementing customs tariffs, from failure in the Russia-Ukraine issue to his conflicts with the Fed, Trump has proven to be a source of unrest for both the US and the world. I feel fortunate that, as I write these lines, this has not affected Turkey so far. But how long will that last? Of course, we cannot know.

As someone who has worked in government for a long time and has been in contact with the American state, I find myself curious about the nature of the scene that gives Trump the impression that everything is easy.

Even if leaders derive their power from laws, their behaviour must be legitimate while exercising power in this way. It is clear that a leader who makes a habit of interventions derived from law, which "should not be used unless absolutely necessary," will lose credibility in the eyes of society.

Similarly, interventions by central banks, which fail due to their "loss of verbal power," also illustrate this point. If individuals begin to perceive the behaviours of institutions as illegitimate, the interventions of those institutions become ineffective.

The struggle of dominant powers

It is widely accepted that Trump has made decisions whimsically with a rather unqualified advisory team. Still, the master plan is this: American companies will now produce in the United States. Even those selling goods to the

US will produce in the US. Of course, it is not as simple as it sounds.

However, looking back in history, this campaign launched to defeat China seems to have many parallels with the experiences the world has faced since the 16th century. The "struggle of dominant powers" brings regional conflicts to the forefront and leads to great reckonings.

While Trump may not have drawn Russia to his side, we can say he is attempting to pull them into a neutral zone. However, he is doing this rather clumsily. While all this is happening, he initiated exploratory talks between the US and Iran to prevent Israel from attacking Iran.

Being a hegemonic power should not allow for incompetence

Meanwhile, Israel is conducting occupation and annexation **operations** in southern Syria. Trump warns on this matter, saying, "Do not press the Turks' buttons." It is also noteworthy that Israel is trying to prevent the natural gas pipeline from Qatar to Turkey.

A conflict between Turkey and Israel is a significant possibility. The role of mediocre American diplomacy in leading to this situation is substantial. Being a hegemonic power should not allow for incompetence.

China continues to raise its stakes

Speaking of incompetence: it seems that Trump has not understood that simply giving orders will not solve problems. For instance, there is no legitimate basis for presidential decisions that impose restrictions related to property rights, human rights, and other rights, and some have no possibility of implementation.

We can see from here that he is dragging the US into a significant internal conflict. Observing Trump's state, China continues to

raise its stakes.

In summary: the state does not move towards the side with the strongest pull. There are many factors that support the state from all sides.

The state is heading towards the composite of power exercised by these factors. Therefore, it cannot go exactly where the leader wants or where other elements wish to go or direct.

Ideally, leaders should ensure that other elements look in the same direction by persuading them. If this does not happen, both the state and the nation suffer, and the leaders do not achieve exactly what they desire.

As the leaders insist that "it has been wrong until now, the truth is this," they lose their legitimacy

Moreover, if state leaders are unable to completely alter the goals set by the state's founding philosophy to suit their own, they may even attempt to modify successful implementations that have endured over the years. Certainly, this leads to an extremely painful process, violating human lives and values. As the leaders insist that "it has been wrong until now, the truth is this," they lose their legitimacy.

When they start to govern through fear instead of respect, demanding obedience instead of a sense of duty, and using power for bullying instead of doing the right thing, failure becomes inevitable. However, the cost of this process is very high.

Throughout history, this has occurred in this manner. No one who has behaved this way has been able to hold power for long. Ultimately, they have withdrawn from the historical stage without achieving their goals. A very long period of "who's to blame" has taken place immediately after.

I believe our duty is to continue on our path with sincere intent without losing what we have gained while these events unfold, and to

persist in creating value.

Gold is breaking record after record

While all this is happening, it is natural to see gold **breaking** record after record. Investors in gold in developing countries are often lucky. Because even if gold loses value in ounces, they are always on the winning side since their national currency depreciates against the dollar.

However, danger signals have begun to emerge for those investing directly in ounces. Now, let's look at the history:

When the Iran-Iraq War began in 1980, the price of gold first exceeded \$600 per ounce. Naturally, gold investors were excited. It was uncertain how long the war would last. In fact, slogans like "it will reach \$1000" had started circulating in the markets.

It was only in 2007 that the price of gold per ounce surpassed \$600. Today, we are in a completely new process

However, the expected did not happen; gold lost nearly 50% of its value. There was a quite unsuccessful US president on the stage in the 1980s. Not only was he unable to prevent the war, but he also conducted a failed hostage operation in Iran.

The Iranian Revolution, as well as many other crises such as the Soviet invasion of Afghanistan, occurred during his term. Carter lost the election to Republican Ronald Reagan. As soon as the new president took office, he calmed things down. Gold prices retreated. Do you know how many years investors waited for it to rise above \$600 again? A full 27 years.

Yes, you read that right. It was only in 2007 that the price of gold per ounce surpassed \$600. Today, we are in a completely new process.

The traditional investment vehicle

While a leader like Trump, who seems oblivious to what he is doing and distant from state etiquette, is managing the US, and while EU countries are extremely vulnerable, and while it becomes impossible to defeat China, could investors fleeing from strong currencies and taking refuge in gold be expecting a new surprise? I think they could, and we need to be cautious.



Could investors fleeing from strong currencies and taking refuge in gold be expecting a new surprise? - Emre Alkin

As I mentioned above, since the currencies of developing countries are constantly devalued, investors in gold in these countries have nearly never lost anything between 1980 and 2007. The depreciation of their national currencies against the dollar has been faster than the depreciation of gold, allowing them to continuously gain.

Therefore, gold has become the traditional investment vehicle in these countries. It has been applicable everywhere, from Turkey to India, from Southeast Asia to Latin America.

Citizens in these countries kept only one-fifth of their savings in the financial system and invested the rest in gold, real estate, and other places that would protect them against high inflation. Such situations are not seen in Western countries and Japan.

However, today we are in a period where the US dollar is losing value globally, and national currencies in developing countries are not

allowed to depreciate.

Therefore, if a harsh realisation occurs in gold, everyone, whether developing or developed, will be adversely affected by this development. The end of these records will come, whether today or tomorrow. For this reason, I emphasise that everyone needs to be cautious.