

**Global Trends Affecting Your Money and
Business and How to Preserve Wealth - Daniel
Marcos: Ep #496**



Full Episode Transcript

With Your Host

Dr. David Phelps

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Daniel Marcos: Let's follow some data. Bill Gates has become the biggest landowner in the U.S. If you have that much money, the only way to protect it is buying land and say, "Hey, if I'm able to get my money back in 20 years, I'll put it in land and then I'll wait." I love land. And if you go to Kiyosaki, the closer that you are to the earth, the better you're going to be able to protect.

"David was of course a dentist, but he was a very sophisticated real estate investor. He had run with a circle of probably the most sophisticated housebuyer types in the country."

"David is a student of the game."

"I would never say this about most people. I would get in a foxhole with David."

"His knowledge is unreal. I mean, it's off the charts."

"This is not some person in front of you going, 'Yeah, just give me your money and I'm going to invest it in real estate.' It's way more elevated than that."

"The most common message I get, I want to thank you so much for introducing me to Dr. Phelps because my wife and I—we went to Freedom Founders. We're on a path. We're going to be financially free. We are going to retire sooner. We are going to be happier. This changed our life."

David Phelps: Today, I speak with Daniel Marcos, the CEO and founder of the Growth Institute. I love my conversations with Daniel because he brings a global perspective on the markets and breaks down the international trends that affect us here in the U.S. in a reliable and relevant manner. He works with high-income business owners from all over the world and shares deep wisdom on what you need to do as a business owner and investor to preserve your wealth and prepare your business for the uncertainty that lies ahead.

In this episode, expect to hear the global and economic trends you should be aware of, the most valuable resource in business during economic instability, the fate of the U S dollar, where your focus should be on preserving your wealth and much, much more. Here is Daniel Marcos.

Daniel Marcos: Human beings, we have a very short memory and we do not like to study history. We've always known that a generation that has a really tough environment, war, not enough food, not enough money, all that. It's a very tough

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generation and then creates a generation that is softer, but they at least saw the suffering of the first generation and they respect the suffering and that's why they at least respect and value things.

The third generation didn't do anything, just saw the good life, just saw it, money. And it's difficult for them to relate. So like that, we have cycles in life. And today, the one that I subscribe the most or the one that I like the most is The Four Chardons based on this book. And they explained that there's 88-year cycle that has four mini-cycles.

Like we have spring, summer, fall, and winter. We have four cycles, and today we're in the fourth turning, that it will be our fourth cycle, and it will be the winter. And supposedly it started in 2008. Exactly 80 years after 2029. Because of that, we are kind of midway in what they call the winter. And in winter, if you see all the animals, they just hibernate, they relax, get energy, or whatever, and they come back in spring, and that's when they have babies and they start life again, but that's kind of what happens.

And today we're in winter and we should be redesigning, rethinking life. Now I'm going to connect with another book, Peter Zeihan, The End of the World Is Just the Beginning. And what it says is you have to destroy today's world to build the next one. So the system, the geopolitical system that the U.S. built after the Second World War, where the dollar is the center that has to come to an end. I don't think it's going to end. I really believe the U.S. is going to come out with something different. It's very difficult to pay all the debt that we have in the U.S. but a lot of people are saying, "Well, it's probably going to be China."

No, China is not going to be the next, hegemony or the leader. It could be a group of countries and that's what they're trying to do with the BRICS to get together. I don't think they will have the strength of the market that the U.S. has today. But what we know is we're probably 12 years in of a 20-year cycle of winter.

And we need to reinvent ourselves and that's kind of where we are. And that's why I believe we still have 10 more years to go. And interestingly, if you read other books, there's a book called Pendulum. It's a marketing book that they say we have this pendulum between the me cycle and the we cycle, and they go into music and arts and all that.

And I don't know if you remember in the 60s, it was all friends and we all love each other and all that. And then the eighties, all the movies was about 007, the single hero, right? And that's when we have all the superheroes. And then you get to 2000 and then Friends and Seinfeld, right? And they were all friends and we do all as a group.

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And then you get to the single and that's why we have what we have today politically, we have a party that is just behind one person and they dictate whatever they want. And by the way, it's not just in the U.S. I'm originally from Mexico. In Mexico, the Mexican government is all around one guy. The president has full control and authority of what happens.

It's stronger than any institution. We're having it in Venezuela this week that I was recording. Venezuela is in a turmoil. They were on elections three days ago, and the president on its own wants to have control, and it's been having control for many years, and they are in a civil war today. So it's just a cycle in life and we have to reinvent ourselves.

We know that the political and geopolitical system we have already expired. We need to invent a new one. And the problem is that we don't know what's going to be next. And we have to, as human beings, go through a messy process.

David Phelps: I think you set the table very well for where we are. And I agree with you, Neil Howe in *The Fourth Turning*, Peter Zeihan portrayed right into what you're talking about.

So being in a winter and having another decade to go during this turning, what do we as business owners and maybe also investors outside of our businesses, how do we look at reinvention? Because you're right. I mean, if we're going to get through this, we're not going to do it the same way, the same models, the same frameworks that we used in the past 15, 20 years.

What sort of insights do you provide, for instance, for your clients? You coach many industries across the globe. How are you helping them navigate to be of the foresight, the vision to look ahead, which is what a CEO needs to do to navigate. What sort of principles are you using, Daniel?

Daniel Marcos: Give me address. The U.S. fear on the U.S. point of view, politically, we're so divided in the U.S. that people in the U.S., just understanding the U.S. perspective. We're really bad, right? We're all complaining that geopolitically or politically it's a mess and the dollar and the debt and I get it. Believe me, I get it.

If you just see the U.S. from the U.S., it doesn't look any good. But now let's talk about world trends. When you are in globalization, in an expansion on globalization, and we've been in globalization until 10 years ago. We start de-globalizing the world around 2016. I think the year that we were most globalized was 2016 or 17 that the trade around the world was the highest compared to GDP as a percentage. And we've been declining since. So if you are in an expanding world, where all, everyone

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is going through globalization, the countries that do the best are the countries that export, and China use this in a really good way to export.

And that's why China grew so fast. Germany did pretty well. Vietnam is doing recently really well. So all the countries that export usually defend themselves very well. When you are in a regionalization or localization, the countries that do the best are the ones have internal consumption. The U.S. economy is around 22 trillion.

How many of that is internal consumption? So how many of that is imports and exports and how many of that is internal consumption? Probably 20% is imports and exports or 30%. The other 70% is internal consumption. Well, imagine 70 percent of 22 trillion is internal consumption. So we're talking about probably 15 trillion of internal consumption.

China, GDP 16 trillion. But how much of that is internal consumption, probably 30% or 40%. So 40% out of 16, you're talking about 7%. The U.S. has 17, China has 7. So if you compare consumption dollars against consumption dollars, the U.S. probably two and a half times China. China looks very big because of all the imports and exports.

But if you remove the imports and exports, just the internal market is very small. So I believe that after all of this, the U.S. will come out stronger than anyone else. Hey, it's bad. The U.S. is not in a great situation, but compared to anyone else, they're in a great situation or is the least worst situation.

Do you have countries like Singapore that are doing amazing? Amazing. I love Singapore, but Singapore is this small, that you could not fit—if you're an international investor and have billion dollars, you're going to put your billion dollars in Singapore? There's no enough market. There's not enough banks.

There's not enough assets. Hey, I love the Swiss dollar. If you have billions of dollars, can you take a hedge or you can't, it's just too small. So you need to have a big enough market and economy. And from the big ones, the worst, the least worst is the U.S. So I think the U.S. will fare much better than everyone else.

So if you live outside of the U.S. You see the U.S. differently. Yes, and we, yeah, we know it's a disaster and the political noise is pretty high and the debt is pretty aggressive, but compared to my country, I still prefer the U.S. If the U.S. says, "I want 10 million new people to come and live to the U.S. and I want to choose them." You have to apply, you're going to get billions of applications of applying.

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If China says, I want 10 more million people or 100 million people, very few people will move to China to live. So the U.S., if they were organized, they could choose

whoever they want and bring very impressive group of immigration. The problem is that their political issues today is not allowing to bring the persons or the people that you want to bring that I think Canada is doing a much better work on immigration, organized immigration. The problem is that politically, Canada is not in a good position. The U.S. is much better with all the drama that we have. It's much better. So that's kind of the way I see it. And interestingly, I don't know if you remember 2008 in the U.S. The U.S. was, the financial system in the U.S. was breaking. Like we were really worried in the U.S. in 2008 financially. The Mexican peso devaluated against the dollar. And I was like, Oh, if the U.S. wasn't having trouble, Mexico's doing well. And our currency devaluated like 30% against the dollar.

And I was like, why? So I went and asked the wealthy people in Mexico, why? And they said, "Flight to quality. Because things are bad, I'm going to go to the dollar." And I was like, but the U.S. is getting destroyed. "We don't care. If the U.S. goes bad, Mexico is going to get destroyed." So they send all their money to U.S. dollars and we devalue the Mexican currency.

So even in bad times, flight to quality always wins. And today's world, flight to quality is going to go to the U.S. dollar. Am I worried on the U.S. dollar in 10 years from now? I'm really worried about the U.S. dollar in 10 years. In the next two, I am not worried because at the beginning is going to be flight to quality.

And then you have a couple of years to decide what to do with your dollars. But at the beginning, I think the dollar is going to re-evaluate against a lot of other currencies, if things get bad.

David Phelps: With our two-party political system and the drive for politicians at all levels to really seem to, for the most part, create incentives that allow them to retain power, tenure, right? They want to stay in office. And so they're only looking short term. Seems like that's a recipe for eventual demise. I agree with you that China is not going to overtake or become the dominant power. They have, as you said, they have their own issues.

But with where we're headed and particularly we're in an election season, we have 'til the months before now until November. And a lot of the financial issues, the infrastructure that we have, whether it's banking or, the federal reserve or, our treasury bill auctions, the accounting that they allow to kind of kick the can down the road keeps going and going because the politicians on both sides, they want to keep it even keel.

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They want less volatility. They want to keep the stock market still staying high, and they don't want to see the banks have trouble. And they don't want to see commercial real estate go down further. They want to keep everybody feeling like

everything's okay, but we know there's problems coming. My question to you with all that, what do you think happens after the election?

Not no matter who, which side prevails, I don't think it's going to matter. I think to me, there's going to be something that's going to happen where we're going to see the reality of some of the bad financial decisions that have been made in recent years.

Daniel Marcos: So I don't believe Trump or Kamala will fix it. So I think we're going to have complicated next four years. I think we need to have a bigger break in society and you're going to get a leader from society, not from a party that is going to rise. I'll give you a couple of examples in Latin America. In Mexico, we had a woman being the challenger of the president's party in the last election.

That she was a representative of the indigenous communities in Mexico. And the president said something bad about her in a press conference. And she went to the president's building, tried to go in to try to answer to the president. And the president denied the entrance and said, "No, I control the voice. I control the space. So you're not allowed to come and talk." And the media were so focused on her that she became the presidential candidate. We've never had so many people marching in the streets like with her in probably 70 or 100 years. It's incredible how much the community went behind her to support her in her presidency.

And by the way, she was not running for president, but it was a media thing that happened that everyone started saying, "You're going to be the next president." And then everyone followed. In Venezuela, we're having the same thing. I saw a clip. It was incredible. It was the army going against people, rebelling on the streets.

And the woman that is running for president, she came and started talking to all the army guys and said, "Guys, I'm doing this for you. How can you attack your own people? And I'm here trying to break what you don't like, but just because your boss is asking you, you're doing it. Please do not go against people," and the army opened up because she came and spoke to them with their language and said, "Hey, I'm on your side. I am Venezuelan. I'm really mad with the control the government is having. I don't agree. They're manding you to do this. I'm trying to do the right thing. Please let me go through." And the army just went through, and now she's having this really big impact. I think they're going to take Maduro down.

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I hope that happens. But she's a woman, she's a mom of three kids, that one day she got mad and she started raising her voice and people started supporting her and now she became the candidate for president. I think we're going to have something like that in the U.S. Who? I have no idea. It's going to be someone because something's going to happen and they're going to have all this media around her and or him and they're going to change the way we're going to do it.

It's not going to be any of the two parties that we have today. And go back to the end of the world, just the beginning. We know what people are asking. It's just what we have to do. And I hope that we find it. For my kids that are American, that were born here, my kids, I have very little to have an opinion.

It's just, I'm a foreigner, but my kids are born here and they're American. And I hope that we leave them a country that is better, but that's the way I see it. I don't know who's going to do it, how it's going to do it, why, or what's going to be that is the trend that is going to ignite this fire, but I know it's not going to be someone that is a political person or of any of the political parties. We need to reinvent a new party or a new system.

David Phelps: So how do we prepare as families, as business entrepreneurs, as investors going through this last part of the fourth turning during this time when there's going to be some kind of a reset, how do we best prepare, Daniel? What's some overriding advice you would give to people? I know you can't give specific advice because everybody's situation is different, but what are some things that from a high level that we can be looking at with our vision going forward?

Daniel Marcos: So I follow the people that I think they're doing it right, or they have more data than me. Let's follow some data. Bill Gates has become the biggest landowner in the U.S. If you have that much money, the only way to protect it is buying land and say, "Hey, if I'm able to get my money back in 20 years, I'll put it in land and then I'll wait." I love land. And if you go to Kiyosaki, the closer that you are to the earth, the better you're going to be able to protect.

So for me, land, it's important real estate. You could have a lower valuation for some time, but if you don't have a really big debt and you're able to get the cash flow to pay that, it's going to be worth more in the future. Gold, closer. I have a lot of commodities in my portfolio. We have land. At the other day, I heard Grant Cardone that I don't like. I think he's a very intelligent man. I don't like his ways and his core values, but he said, "Hey, wherever I get a dollar and what I tell people, put it in real estate, gold or Bitcoin." Bitcoin is not close to the earth, but the young people in the world today do like Bitcoin a lot.

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If you ask me Bitcoin zero or a hundred thousand. I think it's going to be a hundred thousand. How long is it going to take two years, five years, six months? I have no idea, but I really believe it's going to get there. I think alternatives makes a lot of sense. You need to have some in cash and in stock market, but diversification, I think is going to be important.

I would try to invest in things that are hard money that will weather inflation good or well. With the amount of debt that there's in the U.S., I believe the easiest way is

gonna go get out through inflation or lower debt through inflation. So whatever you're better protected for inflation, I will do that. And that's what I'm doing. Take it or leave it from there.

David Phelps: I know that your dad, your father, has had a lot of influence on you and your life. My dad as well. How did your dad influence you? What are some of the key lessons or learnings, the principles that your dad has taught you that you continue to live by and that you're going to pass on to your kids?

Daniel Marcos: We're in our house in New Hampshire. My dad was here until yesterday.

David Phelps: Ah, that's awesome.

Daniel Marcos: He went back to Boston yesterday and flew out this morning. He came with my mom for a week. There's a book by Steve Covey's son that very few people read. Speed of Trust. Interesting book. It's a very thick book for a very simple principle.

You and I, David, were friends many years ago and we have deep trust, you and I. If one day you come to me and say, "Daniel, I have an amazing business idea. I need you to invest, or I invite you to invest. And I don't have time, but I need to send 50,000." I'll send the money just because the trust I have in you.

So it's called speed of trust because how fast things move when you have trust. And then let's go on the other way. Someone you've never heard of. You cannot check their credentials or anything, and they come to you and say, I have an amazing idea. You're gonna give me \$50,000, I'll give you a hundred in the month.

And you were like, "No way." Right? Because you don't know the person. So I think fear of trust is very important and my father precisely uses that without understanding the concept on the book. When I went to college, I was expected to

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live in Mexico. I grew up in Mexico, I believe in the U.S. now. but I was expected that I was gonna grow up in Mexico.

And my father said, "You have to do college in Mexico because that's where you're going to do business. And then you could do a master's degree, a PhD or whatever in the U.S. or international because you have to build a social network in the country you do business with or social capital. And your name is the number one thing because that's going to carry that trust for you around the world."

And I have a story that I really like. One day I went to give a lecture to Monterey Tech, my alma mater, when I went to college and I was about to start and there was

this two older guys in their seventies sitting in front and one of the guys looks at me and said, like, "Who are you?" In Monterrey, by the way, everyone's family with everyone.

We all know each other. So he looks at me and said, like, "Who are you?" And I was like, "Well, my name is Daniel Marcos." And he was like, "Who's your father?" And I was like, "Ernesto." "Oh, you're a son of Ernesto." He was like, "I'm impressed." Right? So we started the conversation because he knew my father. And then he said, "Where do you live?"

And I was like, "I live in Austin, Texas." And he said, "Oh, the daughter of a friend lives in Austin, Texas." And I was like, "Oh, who's that? What's her name? Because I live in Austin many years ago." "Oh, it's Pedro." And I was like, "Oh yeah, I'm married to his daughter." And the guy just like bolt on the seat. He was like, "Oh, you're son of Ernesto and son-in-law of Pedro." And I was like, "Yes." "This lecture is going to be amazing."

And the guy said, "Those are the two guys that I think are the most intelligent." Whatever. "So this lecture is going to be amazing." So he stand up and give me a hug and all that. Like, imagine the speed of trust for that. There's a quote of a race car driver said, "When the pavement is dry, it's very difficult to overcome one car. When it's wet, I can overcome 15 cars." You're going to have opportunities or we're going to have opportunities to take advantage of the situation and take advantage of people. And you will have moments that you are going to have to choose, keep your name and do the right things for people. I think it's going to be very important into this world.

Those are the things that people do remember. And those are things that my father teach me. My father worked in government for years. And then he was a business

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owner. And it's incredible how I will go through life in Mexico. And a lot of people know my father and the things that I'm able to do in my country because of him.

So I think that's one of the important things that in today's world is going to be very important in this choppy time. We're all going to be having trouble. We're all going to have bad days. We're all going to have some more investments going wrong but the character and who you were and how you treat people, that's not going to change.

David Phelps: I know you're an avid. Student of, you said, history and data. My question to you is as busy as you are, like all entrepreneurs, how do you take time to learn, to grow yourself reading books? Obviously, you mentioned a number of books today already, podcasts, just give us a little inkling of how you stay on top of your personal growth.

Daniel Marcos: I travel a lot. And I have a podcast all the time. Where I'm hearing a podcast, so people that I admire and they follow. Or I'm reading a book. And today that I haven't traveled, I'm here for two months, enjoying the summer with the family. What I do a lot of biking. I love biking. I did like a 90-minute bike ride this morning and I was hearing David Goggins' book really good.

Oh, it's crazy the experience of this guy. And that's how I learned. I usually hear a book and then I remember the two or three chapters that were important and then I buy it in paper and go through it. But most of the books I just hear them. Today I have to say I am kind of half books, half podcast. I'm enjoying podcasts a lot.

It's incredible the value some people are putting in podcasts and the stories. And I'm just enjoying it and I'm loving it. It's been the best way for me to study economy and what's happening in the world. There's 10 or 15 people that I like and whenever they have a podcast, I try to hear them and it's been great.

So that's how I learn. My job is to talk to CEOs and entrepreneurs like and I tell people I learn more than you guys learn. Imagine David, I talk to you and then in an hour I talk to another one. Then I talk to another CEO and the perspective of hearing five and ten CEOs every day and hearing what's going on your business and what you're seeing on the trends, and then I hear it from other places, it's really valuable. The other day, I was interviewing on a podcast and I'm telling a story and the guy said, "So how do you know?" And I was like, I've probably talked with a hundred entrepreneurs in the last two months that they had the same issue or they were having the same concern.

So it's, I'm gathering the intelligence of all of you guys, because I talk to a lot of people and they don't see us every day. And I'm able to get that data. And by the

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way, this interesting that I learned from Vern, when COVID start, the revenue in our company went down significantly in those two weeks and we're scared and we're, we didn't know what was going to happen in the world.

We're all pretty scared after COVID and Vern and I had a long call to decide what to do. And when we concluded, we said, we don't know how this is going to end or what's going to happen, but we know two things. First, go back to basics, focus on what you can control and if you execute better than your competitor, you're going to come out strong out of this. And the second, you have to increase your talk time with CEOs. And we start opening forums and having conversations with other CEOs around the world. And man, did we came out fast. We more than doubled the company during COVID. I enjoyed the time with my kids. I didn't travel for almost two years.

I know it was a bad time for the world. A lot of people suffer a lot, but for me, it was my business double. And I spend a lot of time with my family, stay connected, talk to

people you admire and you respect, keep your name, don't take advantage of situations you're going to have and diversify in as close as you can to the land. You will come out stronger after this.

David Phelps: In the past few years, Bill Gates's portfolio has expanded to over 268,000 acres of farmland in the United States. But he is not the only billionaire buying up land. In fact, others have surpassed him. Jeff Bezos has amassed 400,000 acres. Ted Turner, a media billionaire, owns a staggering 2 million acres.

What's more interesting is that many of the billionaires buying up U.S. land are not U.S. citizens. Foreign entities own over 43.4 million acres of U.S. farm and timberland. That number has grown dramatically in just the past few years. This pattern is hinting at what we should all be doing. Tangible assets like real estate and businesses sustain generational wealth through periods of upheaval and have allowed the passing of wealth from generation to generation.

This is land, property, real assets. No enduring family dynasty was ever built on a 401k. True wealth comes from the ownership of assets that increase in value over time. I recently held a webinar, which I brought what Daniel and I discussed closer to home, setting the scene for you to begin to invest in tangible assets.

What are the specific dangers in today's U.S. market? And how can you prepare for the volatility? How can you protect your wealth from rampant inflation? Where are the opportunities for creating true wealth in the U.S.? Warren Buffett says, "We at Berkshire Hathaway, we don't depend on everything being hunky dory all the time."

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Because it's not. It's not. We run our business to be the last man standing. That's where you want to be. Last man standing, which means more principled investment, more conservative investments. Again, taking what the market gives you. There's times when the market's going to give you a lot. In preparing for that, the opportunities on the other side of a market cycle shift.

It's a huge opportunity, but again, are you preparing for that? Do you know where to go? Do you know how to access those opportunities? It's what I call the Great Wealth Transfer. And I hit some big ones coming out in 2008 because again, I'm positioned. I know where to go. I've been there before. If you want to do the same thing, you've got to position yourself and have the education and the connections to make those big hits.

Don't want to miss out. These generational wealth transfers come around only so many times during a lifetime. And if you can hit at least one of those, it's going to make it be a game-changer for you. So here is the market cycle: you have peak to

peak or trough to trough, but most people don't understand that what goes up is going to come down.

It's called reversion to the mean. This is a normal market cycle. Where are we right now? Well, I think it depends on asset classes. I think we're still in the equity markets. With tech stocks, we're still in euphoria. I mean, euphoria is there big time, very dangerous place to be, by the way. I'm not giving you financial advice, but if you've made some big wins there, figure out how to take some chips off the table, talk to your advisor. Where could you move to higher ground? Don't leave it all sitting there is what I would say, but good for you if you've made some money there, you rode the market, right? As the market's correcting right now, where do you go to higher ground?

Where do you position? Do you go to all the cash or to treasuries or to money markets? Well, you don't want to go all there because again, you get a decent nominal return, but that nominal return of five and a quarter? That's still a negative return based on inflation. And by the way, inflation is not running at three and a half percent.

I think you all know that. It's more like eight, nine, 10, 11, 12 percent. So if you're getting five, five and a quarter percent, which is safe today in treasuries, you're still behind the eight ball. So you can't put it all there. So understanding asset allocation and how to maneuver through these markets is a skill set.

Again, you can learn to do this. Reinhart and Rogoff, wrote this book back in, I think, 2011. It's a great book. This Time Is Different. Basically, I'm just, I'm going to read the highlights in this book, but they say excessive debt accumulation, whether

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by the government, which government's doing a big time today, banks, corporations, or consumers, individuals, often poses greater systemic risk than it seems during a boom.

That is exactly where we are. The house of cards built on debt, across-the-board debt. This is not something that is sustainable. Such large-scale debt buildups pose risks because they make an economy vulnerable to crises of confidence, particularly when debt is short-term and needs to be constantly refinanced.

Simply where our government is today, the debt, what, a trillion dollars every 90 days? On short-term, short maturity bonds, that cannot last, ladies and gentlemen. They're going to run out of gas. They can't continue to do this. They're at the end of the plank. Highly leveraged economies, it's what we have today, can seem to be merely rolling along for an extended period when bang, confidence collapses, lenders disappear, and crisis hits.

We've got essentially three bubbles today. We've got the equity markets, stocks, tech stocks particularly, right? We have the real estate market, which is starting to deflate

on the commercial side. And we have the credit bubble. This is the first time we've had like a triumvirate. In the past corrections, we've had one here, one here.

We've had different bubbles. We've got three right now. Any one of those can start driving the other ones. And when they pop, if they all pop, it's going to be a heavy downturn. You've got to know how to position yourself. Not just your investments, but your business too. Your personal life. Be doing it now before things hit the skids.

And I think things will hit the skids, if not before the election, probably shortly thereafter. That's when they're going to quit kicking the can down the road. The harsh reality is going to hit and it's going to hit home hard. They said eight centuries of experience suggests this time is not different.

I was a teenager kid going through the seventies. So economically, it didn't factor into me cause I wasn't a big consumer. I wasn't. I wasn't on my own by any means. I was still in school, but in reflecting during those times, I think that's what we're rolling back into. Stagflation means you have an economy where there is little or no growth, but you have the inflation, the costs going up.

That's probably the most dangerous economy for everybody. It's very dangerous times. And I think that's exactly where we're rolling. There's a lot of triangulation

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that's pointing to that. And again, if it's something you're interested in, there's a lot of material you can read about what we call the lost decade of the seventies where the stock market just basically flatlined.

In fact, flatlined and with the inflation actually went down. That was over like 15 years from 65 to about 82. 15, 17 years of no growth and actually decline. And one's principle, unless you had a business that was keeping your flow, but this is, for savers and retirees, very difficult time back then. You don't want to be in that position, but I think that's what we're headed and probably for more than a few years, I think this is a problem because again, why? We just crossed the mark to 35 trillion in sovereign debt, and that excludes all of the additional unfunded liabilities like social security, Medicare, which we're just piling on like crazy.

This is a house of cards. We've crossed 35 trillion. We're adding a trillion dollars every 90 days. That's some serious money. Can't even imagine how many zeros makes up a trillion dollars. It's immense. Inflation. We haven't had inflation until the last two years, right? By the government figures, 9.1%. Now they say we're down to, what, three and a half. Their target's 2%. But again, they manipulate the numbers. You all know what your costs are. Your costs are way more than three and a half percent, whether it's in your business, your practice, your home, utilities, food, insurance, property taxes, I mean, just across the board, we're way over that.

So they manipulate the numbers because they want to keep the sentiment and make everybody feel like they're winning the war against inflation, which they're not winning the war against inflation. They're stoking the flames and they'll continue to stoke the flames. You've got to keep inflation in mind.

You take a million dollars at 5% in over 20 years, you've lost 65% Of your principal purchasing power in 20 years at 12%, which is really where I think we're probably at. We're somewhere between nine 11 and 12%. I can guarantee you, if you take a look at 12% in six years, you've dropped by half.

So 12% you've dropped by half in six years. That's a rule of 72. By the way, you can do the math in your head. If you know the rule of 72. In 12 years, you've dropped all the way down by 75%. That's a serious decline in purchasing power. How are you gonna keep up with inflation when you've left your active income?

Because that's what's keeping you afloat right now. That's what lets you try to build for the future. You've gotta be able to understand how to make your money work for you efficiently without taking major risk. So my investment philosophy is this: day traders, which I'm not one, they watch hours and days speculators, which I'm also not one.

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Well, if you put the money in crypto, I'd say that's some speculation and that's okay to say a certain amount of money if you wanna speculate. but they watch weeks and months. Investors, which is where I am, you watch years and decades playing the long game. That's Warren Buffett, you play the long game and I think that's where you need to put your head.

Don't try to play the short-term gains and ride the crest of these euphoria because I think it's a dangerous game to play. This was my first generator of replacement income. And it's a house that I bought with my dad back in 1980. Gosh, that's 44 years ago. This is what got me started. And when I saw the benefits of what real estate would do for me, I never looked back.

Yeah, I went on to become a dentist, but at the same time, I was building my real estate portfolio and thank goodness I did because I could exit some 20 years later when my daughter was sick and I needed more time. This is what alternatives will do for you if you do it the right way. So what are your concerns about real estate?

Let's jot some down. See if these jive with yours. You don't know how, that's probably a big one. You don't understand it completely. You don't want to be an active landlord. You don't want a second job. I don't think you need a second job if you're a highly educated professional. You don't know how to evaluate real estate investments.

That could be a reason. And you probably also talk to people who've lost money in real estate, which you certainly can. Those would be, and maybe one more, it's illiquid. Okay. How about that one? So there's a bunch of reasons why you might say, "Real estate? I don't want to do real estate." But there's good answers as it would be to most things that are solid.

In history, anybody who has built up wealth has had at least some of their portfolio in real estate. You know that for a fact. So real estate can't be bad. So understanding how to do it can make a very stable portion of your retirement portfolio. That's what we do in Freedom Founders. The main problem we help practice professionals solve is helping them buy back that time.

That's the key thing is you're buying back your time by creating assets to produce the income, allowing you not to have to necessitate you going to work. You work if you want to. Work becomes work optional. Confidently replace and not relying on the active income from your practice.

That's a key to freedom. And as I said earlier, real estate is one of the best ways to create passive income that I know of. There's other ways, but to me, real estate has

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so many benefits to it. So many extra benefits. Most high net worth investors believe that real estate should have a place in their portfolio.

As I said earlier, how do you do it? Problem is most practitioners are too busy to develop the skills sets to confidently invest in real estate in today's very volatile economy. It is a dangerous time to step out into most anything if you don't have experience or have someone to guide you. It's a dangerous time to try anything new.

Gotta be careful because the market's very volatile right now. Freedom Founders is like a shortcut. It enables professional practice owners to full time, that claps the time, become sophisticated investors. You want to become a sophisticated investor. You want to become one. You can do it. It's not something that's hidden some mirage that Wall Street makes it too complicated.

It is not that complicated. You don't have to have an MBA or extra degrees. I learned everything I learned about finance and real estate and negotiation and contracts. I learned it by doing it. I've been doing it for 44 years. What I love to do is collapse that time for other professionals who want to learn this, but not have to go and have the brain damage of 44 years.

You don't have the time to do that. Buy back your time. Invest in yourself is the way we do it in Freedom Founders.

Practitioners and business owners are often too busy to invest in real tangible assets successfully. The stock market becomes the default due to convenience and complacency. When economic and political upheaval comes, and history has shown this time and time again.

Which would you rather have securing your wealth and future? Real, tangible assets or Wall Street paper? If you want to learn more about securing your financial security and creating more freedom, I will be hosting a four week online small group class in September, while I will break down an alternative blueprint for replacing your active income with more passive cashflow.

Many business owners don't realize how much of their wealth, what they've already worked so hard for, when invested in the right assets, in the right place, at the right time, with the right people can provide what we all really want, and that is more time, more discretionary time. The question is, how can you do this?

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I'll discuss this and more in my September catalyst group. Register today at freedomfounders.com/catalystgroup. That's freedomfounders.com/catalystgroup. I hope to see you there.