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## Why Gold Sucks

Seriously, I should have written it into his contract. He's been working for the Funds Management business three months and gold bug Gareth Brown is already [harping on about the barbarous relic](#). Bristlemouth used to be a forum for sensible investing ideas.

When I was in high school my best friend, Rumbles, made the Australian School Boys Rugby League team. Another mate's indigenous cousin from a nearby town rocked up to the local bakery while we were having lunch one day and sought Rumbles out:

"So, Rumbles, I hear you made the Australian team?"

"I did mate, thanks"

"Yeah ... well ... I'll beat you running"

This is how the gold bugs argue their case. So what if gold doesn't generate a return? It's better than cash. Therefore you should own it.

Yes, gold is better than cash as a store of value. But it seems we all agree that there are far better income generating stores of value out there, like property and shares. So gold is an inferior asset class as a store of value.

What about as a source of liquidity? Gareth quoted Einhorn running off a long list of things that he suggests make cash just as useless as gold. But there are lots of useful things you can do with cash. You can buy a hamburger with it. You can buy a house with it. With the click of a mouse you can instantaneously move it from one side of the world to the other. You can pay your staff or pay the rent. You can buy a plane ticket, get your mum some flowers or buy yourself some shares.

Gold can't do any of these things. So how is it a superior source of liquidity?

Cash sucks as an investment, but so does gold. At least cash does something useful.