

9 Powerful Forces to Make You Money!

by John V. Kamin

It's hard to make money with money if you have little or no money. For most folks, expenses just about equal income. One of Murphy's Laws is: "Expenditures will rise to meet income". How can you save up money, if earned interest rates that you earn are continually pushed down, and your expenses keep rising?

Early on, as a humble grad student working my way, I came to the realization (luckily) that I would need powerful forces working for me, in addition to what little I was able to save up. For most folks, by the time they pay for their housing, their car, their various insurances plus family expenses, there's nothing left.

I recall my father struggling for years to pay just \$2 per month on a \$500 insurance policy that he had planned to give to me on university graduation. When times were tough, or when he was really laid off, it was very hard for him to come up with the \$2 per month payments.

Upon university graduation, he proudly gave me the paid up policy, for which I thanked him for his years of struggle. But by that time, inflation had eroded the purchasing power of the \$500 so that one could hardly buy a decent used car for the money. Time was working against him, even though he'd struggled so hard for two decades to provide a generous gift.

Today, constant inflation, high taxes and rising expenses will force demolition of long-term plans of most folks who are struggling. They need to put powerful financial forces in their favor, without question, early on. How can it be done? Fortunately, to make things easier for you, I have created a list, the kind of list neither my father, nor I as a child was given. You can put powerful natural forces on your side to work for you. They will likely work harder than you could ever achieve on your own without them.

One way to put these powerful forces on your side is to identify long-term trends. Fortunately, that is my job as an economist to identify those trends for you, make long-term predictions and forecasts, even as the U.S. dollar is being constantly devalued in purchasing power over time.

Go Near the Water

1. One easy trend to identify is that 85% of the USA population lives within 50 miles (commuting distance) of a major body of water. It is no accident that population growth takes place on both coasts and near major bodies of water.
- 2.

Mistake #1. Don't stray too far in buying property, real estate or even starting a business from these major bodies of water. Stick close. You don't have to buy waterfront properties in Santa Monica or Manhattan to profit. Yet even today people are buying sight-unseen land in Northern New Mexico, Eastern Colorado, Utah desert and Texas counties where there are more jackrabbits than people; no water, no utilities, nothing but

dirt roads. They're buying unresalable land because it's "cheap" and they've "heard that you can make money in real estate".

That land is isolated for good reasons. Stick to within commuting distance of major bodies of water, put powerful growth factors on your side.

2. Here's another powerful trend. Go where the jobs are, metro jobs-growth areas. There aren't many in the USA; maybe 15 major areas. I suggest you see the chapter on How to Draw Your "Prospecting for Properties" map in the book How To Make Money Fast Speculating In Distressed Property.

I love the north woods in Wisconsin, but there are few-to-no jobs there. What jobs there are, are in the lumber industry or minimum wage jobs in seasonal tourist services. I like Santa Fe, New Mexico but they don't even have a major commercial airport. Coeur d'Alene, Idaho has beautiful scenery, but the jobs are mostly minimum wage, layoffs are frequent, the largest silver mine in America (Sunshine) was closed down - the executives just locked up and walked away and handed the keys to the lawyers when mine went bankrupt. No, I don't want to waste scarce dollars pursuing jobs growth where there are traditionally few or no jobs.

One powerful trend in America, since it changed from an agricultural economy in the 18th and 19th and early 20th centuries has been where the young people move toward the metro jobs-growth areas for a better life, better income and better education. Even in WWI and after, there was a popular song that had the lyric, "How're you gonna keep them down on the farm after they've see Paree?" recognizing the trend.

Put the powerful force on your side of metro jobs-growth areas. Don't burn up your scarce capital trying to make money on remote second homes, abandoned farms or even Central Nebraska or Western North Dakota where there are no major well-paying jobs to speak of. Stick to the growth.

3. A third powerful force you can put on your side is population growth, over the long term. Where are the areas fastest growing in population? Very long term, I have predicted a doubling of population for the USA from 300 million to 600 million by 2058 to 2063.

Where People Want to Live

As you entered the 20th Century, most of Beverly Hills (including Rodeo Drive) was bean fields. Today, in Southern California, the new former bean fields area of growth is Ventura County near and around Oxnard, changing from agriculture to bedroom jobs-growth community.

There's an old joke about how Van Nuys got its name. During the 1940s and 1950s, most of the people in Los Angeles would be tempted by offers of a free meal and a free bus over the hill, the Sepulveda Pass. When the people got off the bus to buy lots in the then remote San Fernando Valley, the tour guide would shout, "Van Nuys (very nice)" in

her accent! They thought she was saying Van Nuys, but she was shouting Very Nice, to get them to put \$5 down on homesite lots.

The author of all those *Tarzan* books and movies, Edgar Rice Burroughs, never saw a jungle; he was selling lots as a real estate broker for \$100 down and \$100 when you catch me". Today, those same hillside lots bring \$600,000 and up when you can find one to build on). I can see them from our front window.

4. A fourth powerful force that you can put on your side to work for you is, before you buy something, to figure out why someone would want to pay you many times more than what you paid for whatever it is you are buying. This is a way to make a powerful force work for you.

I don't care whether it is Faberge Eggs, 1909 SVDB 1¢ that went from \$12 to \$1000s each, whatever it is, you must figure out, before you buy, why someone will want it in the future, whether it is a Tarzana building lot, a near-ocean property in Oxnard, the new Southern California Gold Coast, a modern artist just gaining recognition, the Kandinsky of the future, whatever it is. Before you risk your money, you must have some good reasons why someone in the future would want to pay you many times multiple of what you're paying. Or as friend David Paul Kane of Kennedy, Cabot & Company once told me, "Don't prospect in the junkyard."

I once saw a sign in New Mexico advertising a trading post, "We buy junk, we sell antiques". Buy something good (desirable) with your scarce capital. One of the laws of economics that every serious student learns is, "capital is scarce". Don't waste capital on West Texas land that has only jackrabbits and rattlesnakes, and not many of those. Make powerful population trends work for you. Make human desires, a powerful force, work for you. Stick to areas where the jobs (incomes) are.

World Shrinking

5. Since international business is picking up, since the USA trade barriers keep falling (powerful forces), I suggest you stick to areas where there are major ports, gulf ports, Pacific ports, East Coast ports. The drooping dollar, for example, is causing many Europeans to go on trips and shopping sprees in Miami, New York, Boston, San Francisco and other port cities. Although I don't ever recommend condos, that's where foreigners are buying condos and homes. Take advantage of powerful new economic trends in international trade and stick to major ports. I like Sun Valley, Idaho, but that's not a port and I hope never to buy property there, nor in Aspen, Colorado or Vail, Colorado. Let the tourists and ski bums put their limited capital there. I'd rather make money elsewhere and take a short vacation there with the profits.

Buying Cheap

6. A sixth powerful force you can put on your side is areas scheduled for rezoning. You want to buy at agricultural or residential land prices, and then resell years later at commercially zoned prices. My motto is, "Buy by the acre, sell by the square foot (or the frontage foot)!"

The powerful force here is getting blacktop highway frontage on the outskirts of growing metro jobs areas, suburban areas. You stick close to freeway exits, you get frontage on major arterial highways where the traffic court is increasing. This is specific. If the area is not growing (e.g. Lordsburg, New Mexico) you don't buy there. You can go to the outskirts of Phoenix, or stretching it, even Tucson, but you don't go beyond, to the lightly populated areas.

You avoid the boondocks, and avoid the slum areas and the ghetto areas.

If you were to take a plane and circle over Las Vegas metro, you'd quickly see to avoid North Las Vegas, and maybe even West Las Vegas, because of limited growth there, even though they may be increasing in population.

An estimated 70% of the traffic to Las Vegas metro comes up the I-15. Then much of that traffic heads for the Las Vegas Strip, South Las Vegas or out to the Henderson cutoff, now renamed Saint Rose Parkway. That's where the growth is occurring, that's where the traffic is increasing sharply.

But you must have highway frontage and arterial commercial street frontage, or you can't get commercial rezoning from R1 residential/agricultural. You can't be a block or two off the main drag, nor on the cul de sac, or you won't get the lucrative rezoning and big money frontage. Put powerful forces on your side.

7. A seventh powerful force in rare coin collectibles is to simply buy key and semi-key coins in reasonable lower-price grades. These might be 1928 Peace \$1s for Peace \$1 Set collectors, the lowest mintage date in the series. They might be scarcer Type coins, Proof Trade \$1s dated 1879 to 1883, Daniel Boone Sets of Commemoratives dated 1937 and 1938 with mintages under 3000 sets, scarce \$3 gold coins dated 1879 to 1889, and a number of others.

You can put powerful long-term collecting trends on your side by sticking to key and semi-key coins that are now reasonably priced, but likely to go way up in the future as collectors discover them!

Look for more powerful trends to be harnessed and put in your favor as time slips by. Time is going to saddle you with wrinkles, less physical ability and rising costs. Learn how to harness time's positive powerful forces to make you some money.

8. Eighth, learn how to buy drivable collectible cars that appreciate instead of depreciate, such as ragtop muscle car convertibles of the 1960s, or 2000 to 2004 T-Bird convertibles that are now used cars, that you can drive on a daily basis. An interesting new model is the 2008 Pontiac Solstice.

Harness a team of powerful forces as you would harness horses to pull your moneymaking plow! Happy hunting. Have fun with your money.

No Money? Use OPM (Other People's Money)

9. Ninth, it's easy to borrow moneymaking money; on a mortgage. Use seller financing. Negotiate prices lower. Buy a triplex or 4-plex, live in one unit, and let your tenants pay your 15-year fixed rate mortgage (FRM) as cashflow increases, as rents rise. Use OPM (Other People's Money).

Discover dozens of ways to borrow OPM in the book How to Make Money Fast Speculating in Distressed Property. No credit? Buy the property with seller financing from a "don't want". Put OPM to work for you.

More forceful moneymaking ideas to be continued! Stay tuned for more articles in the coming months.

John Kamin is a Consulting Economist and publisher of The Forecaster, 19623 Ventura Blvd., Tarzana, CA 91356, (818) 345-4421. \$180 per year. For more money-making ideas, order his latest book Active Money Strategies & Hidden Wealth Builder Secrets For Young Adults: What They Were Afraid To Teach You In School. If They Ever Knew! \$20 + \$4 s & h Add \$1.65 tax. 95 pages.

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