

Bulls, Bears & Charlatans

"The reason that 'guru' is such a popular word is because 'charlatan' is so hard to spell." -
William Bernstein

The word 'charlatan' is supposedly derived from the Italian word *ciarlare*, which means 'to babble.'

Some of the original charlatans were confidence men who would prey upon people's misunderstandings about healthcare before modern medicine existed. There used to be traveling medicine shows where the salesperson would make promises of magic elixirs that would heal all wounds. It was only after they had moved on to the next town that people would realize they'd been swindled as these tonics were worthless forms of medicine (this is also where the term snake oil salesman comes from).

A charlatan has also been described as someone who professes to have abilities or expertise that they do not have. The term 'charlatan' is perfect for the finance industry because it can attract people pretending -- whether they realize it or not -- to know more than they actually do.

Speaking of charlatans, here's a headline I [read](#) on Friday that sounds scary:

Normal investors could be excused for seeing a headline like this and running for the hills. *It has to be true! He's a legendary investor!*

One of my loyal readers sent me the following this week to put this scary headline into perspective:

2011: [100% Chance of Crisis, Worse Than 2008: Jim Rogers](#)

2012: [Jim Rogers: It's Going To Get Really "Bad After The Next Election"](#)

2013: [Jim Rogers Warns: "You Better Run for the Hills!"](#)

2014: [JIM ROGERS – Sell Everything & Run For Your Lives](#)

2015: [Jim Rogers: "We're Overdue" for a Stock Market Crash](#)

2016: [\\$68 TRILLION "BIBLICAL CRASH" Dead Ahead? Jim Rogers Issues a DIRE WARNING](#)

2017: [THE BOTTOM LINE: Legendary investor Jim Rogers expects the worst crash in our lifetime](#)

If I was named Financial Market Czar one of the first rules I'd institute would be to give every pundit a punch card. You would only get 5 opportunities to call a top or bottom in the markets and every time you made a wrong prediction you'd get a punch. Once all your punches are used up, no more making extreme predictions again.

By all accounts, Rogers is a decent guy. He made a ton of money after founding the Quantum Fund with George Soros in the 1970s and retired in his late-30s to travel the world.

But how is this possibly helpful to anyone?

What is he trying to accomplish?

Why not take a break for a while after the first few crash calls were completely off base?

Sometimes uber-successful people are the worst ones to listen to for advice because they become so overconfident in their abilities. Rogers very well may be a legendary investor but that doesn't make his crystal ball clearer than anyone else's.

People who are contrarians for the sake of being a contrarian will read something like this and tell me it's a sign of a market peak. But this has nothing to do with being bullish or bearish. There's nothing wrong with expressing an opinion about the markets, be it positive or negative.

I'm not anti-bearish or anti-bullish, I'm anti-charlatan. Making extreme predictions about the markets comes with zero consequences because there are so many pundits these days that most forecasts are quickly forgotten. The only ones people remember are those that are right. So there's very little risk involved but if you ever happen to be right about a pending market crash you'll forever be remembered as the person who called it.

A market crash is always a possibility. But using scare tactics to get people out of the markets (or keep them in) isn't helpful to anyone.

I'm sure there were a lot of investors who were emotionally scarred from the financial crisis. Unfortunately, the crisis also spawned a large number of charlatans to prey upon those emotions. I hope investors are able to better understand that extreme predictions from charlatans -- whether they call for a crash every year or tell you one can never happen -- provide no useful value.

Further Reading:

[Perma-Arguments](#)