

GOLD BUYING OPPORTUNITY OF A LIFETIME

Opportunity and crisis are uneasy handmaidens in times of danger; and, while crises may increase, opportunities are always rare.

The world is in the grip of an unprecedented crisis. Unlimited credit has now turned into its deadly nemesis, unlimited defaulting debt; and whereas only some of us were its beneficiaries, all of us will be its victims—all of us, except the very few.

To heroin addicts, heroin is quite wonderful. Its effects mitigate and, indeed, obliterate the exigencies of modern life. Anxieties disappear as do the pressures of living in a derivative reality. The popularity of heroin lies in its ability to “solve” these problems, the same attraction as credit.

The problem of each lies in the conundrum of constant demand and inconstant supply; and, as the need for each increases, a self-reinforcing and deadly cycle is set in motion, a cycle that inevitably ends in disaster, physical collapse in the case of heroin and economic collapse in the case of credit.

The supply of heroin was originally sourced in the east, in Asia and Afghanistan. Credit began its journey in the west, in the City of London and New York’s Wall Street then spreading through central banks to the rest of the world.

Credit’s journey, however, is about to end, its extraordinary success the reason for its now imminent failure. The spread of credit was so successful that productivity, the host of credit, is now drowning under the tsunami wave of debt created by that credit; and when the host perishes, so, too, will the parasite.

CREDIT—A PARASITE ON THE BODY OF PRODUCTIVITY

Today, we are witness to the parasite’s last struggle, credit’s final attempts to resuscitate the host’s ability to repay its debts and obligations. It is ironic—and perhaps appropriate—that the bankers’ first victim, government, is its last and most important ally in its struggle to survive.

Were it not for government, credit could not have achieved its central position in today’s world. The ability to imbue paper coupons with a value previously accruing only to gold and silver was accomplished solely by government decree at the behest of bankers.

What Professor Antal E. Fekete calls the modern tower of Babel, the quadrillion dollar skyscraper of debt built upon the false premise of bankers is now about to come tumbling down—on all of us.

TOMORROW WILL NOT BAIL OUT TODAY
ESPECIALLY WHEN ALREADY ENCUMBERED

Under the influence and encouragement of bankers, the US lived as if tomorrow would never come; for if it did, the debt accrued from today's expenditures would be due and owing, destroying what had been built on the bankers' false promise that that tomorrow could always be delayed.

TOMORROW ARRIVED
AND GUESS WHAT
WE'RE BROKE

Terms like “quantitative easing”, “monetizing debt”, and “the nationalization of banks” are actually socially preferable synonyms describing the collapse of credit, credit-based markets and credit-based paper money.

We are broke, literally and figuratively and the “we” is inclusive. Consumers cannot pay back what they owe, entrepreneurs cannot pay back what they owe, corporations cannot pay back what they owe, governments cannot pay back what they owe and bankers owe so much that not even governments can repay what bankers owe although governments are promising to do so while lying about the amounts actually owed.

We burdened tomorrow with today's expenditures and tomorrow has refused the bill. The response is understandable as tomorrow was never a party to the promises to pay and the expectations of such were as self-serving as they were unfounded.

The response of governments is clear:

Governments are using taxpayer money and future taxpayer obligations to bail out banks, a solution designed to perpetrate the bankers system of credit and debt, not to solve the problem or to fix its cause.

The foundation of the bankers' fraud has been their ability to issue paper coupons as money, an ability made possible by government fiat, i.e. decree. Paper coupons or “currencies” as bankers prefer them to be called are worthless without government legal tender laws, laws obligating debts to be liquidated by payment with their printed coupons

The charade of paper money began with the Bank of England's claim in 1694 that their paper notes were convertible to gold; and, as long as people believed that to be so, there was little need to exchange the more convenient paper for the more valuable gold which it represented.

Of course, over time, governments issued more and more paper notes and had less and less gold until there was no longer not enough gold to back the enormous amounts of paper currencies in circulation

This is where we are today and this is why bankers and governments are worried. Their fraud is becoming apparent because their game of credit and debt is collapsing and the system is being questioned as never before.

DON'T ASK DON'T TELL THE FOUNDATION OF MODERN ECONOMICS

Now that their debt-based system of credit is collapsing, paper currencies are in upheaval as well. The fall of the US dollar and its subsequent rise even as its economy crumbles is absurdly matched only by the Japanese Yen which rallied as Japanese exports plunged 50 % in six months.

Powerful speculative forces were unleashed in 1973 when the US dollar was de-linked from gold as were all currencies as they had been linked to the US dollar. What are government coupons really worth? Ask the punters in the market.

The answer is no one knows. The value of currencies is subject to speculators wagering enormous sums in foreign exchange markets, markets which exploded from negligible amounts in 1973 to trillions now bet daily on what paper money may or may not be worth.

This is the one bet that bankers need to keep in play, the belief, however false it may be, that government coupons, printed in whatsoever denominations or amounts in whatever sizes and colors and not backed by anything of value, are actually money; an idea that becomes more and more absurd with each passing day and each new crisis.

THE OPPORTUNITY IN THE CRISIS

The need to maintain this charade in order to maintain the power of government and profits of bankers offers the one truly golden opportunity of this crisis—that of buying gold at below market prices.

Gold prices are manipulated by central banks. As the value of paper assets and paper profits fall, the lure of gold threatens the ability of bankers to keep investors believing their paper currencies, paper assets and paper promises are worth more than the paper they are printed on.

This is why bankers and governments “manage” the price of gold, i.e. manipulate gold. Gold is the one true measure of monetary distress and when gold prices quickly move upwards, it sends a powerful signal that investors no longer trust paper-based assets and it's time to sell.

This is the bankers' greatest fear and they will do anything to prevent the collapse of a system which allows them to profit from the risks and labor of others; and, to prevent this they sell central bank gold to drive down gold's price—and why wouldn't they? After all it's not their gold

WHEN GORDEN BROWN SOLD BRITAIN'S GOLD

In 1999, it was rumored that investment bank Goldman Sachs had a 1,000 ton gold short position in the markets. Goldman Sachs was betting that the price of gold would continue to fall and they would be amply rewarded for their apparent “risk”.

Because of central bank manipulation, the price of gold had moved inversely to the rise of stocks for almost 20 years and bankers were making easy money on the bet gold would continue its downward spiral.

However, much to the shock of Goldman Sachs and the central bankers, in 1999 gold stopped falling; and, because Goldman Sachs' short position was so large, Goldman possibly could suffer catastrophic losses.

This is when England's then Chancellor of the Exchequer, Gordon Brown, on May 8, 1999 announced England would sell over 50 % of its gold reserves, 415 tons of the most precious metal on earth at the very bottom of the market.

The decision to sell England's gold thereby saved Goldman Sachs and insured the political future of Gordon Brown. Goldman Sachs' is still in business and Gordon Brown is now the Prime Minister of England—proving that good things come to those who do the bidding of the powerful (whether either outcome was worth 415 tons of England's gold is questionable)

Selling a nation's gold to save the bankers' parasitic system is now common practice as the banker's system continues to collapse and gold continues to rise. Since Gordon Brown sold England's gold, gold has risen from \$275 dollars per ounce to its present price of over \$900 despite the thousands of tons of central bank gold sold to prevent its inexorable movement higher.



GOLD SALE ENDS SOON

The downward pressure on gold will end soon because central bank supplies of gold are running out. For the past thirty-five years, thousands of tons of central bank gold have been sold to force gold lower. When those supplies are gone, so, too, will be the gold prices we see today.

When the central bank cap on gold is finally forced off—and it will be—gold will not just be off to the races, gold will bolt the barn leaving it and the racetrack far behind. So far, central bankers have been successful at preventing this. Someday, soon, they will be unable to do so.

Each run-up in gold has forced central bankers to sell their ever dwindling stocks to keep the price of gold from going parabolic. When gold made its run in the fall of 2007 (from \$680 to \$1,033), the Swiss National Bank sold 22 tons of gold to cap gold's rise.

One year later (after the collapse of global stock markets in the fall of 2008), gold made another run at \$1,000; but this time when gold hit \$1,009 on February 20th, LeMetropole reported central banks sold 220 tons of gold to force gold below \$900.

In 2008, 22 tons of gold were necessary to force gold down from \$1,000. In 2009, 220 tons were required to do the same. The next time, central banks may not have enough gold to turn back an even more powerful tide of paper money blindly seeking safety.

After LeMetropole noted the sale of 220 tons of central bank gold, the Financial Times reported that the Washington Accord capping central bank gold sales at 500 tons a year may be renegotiated to allow higher sales.

The sale of over 220 tons of central bank gold in only nine weeks leaves approximately only 250 tons left to be sold the rest of the year; and, if stock markets collapse again this year—and they will—gold will explode upwards but this time with far greater force and take out \$1,000 as easily as a herd of bulls would take out a picket fence as they run for freedom—especially if central bank sales of gold are limited as they are today.

We are in the last days of paper money's longest run. No economy built on fiat paper money has ever lasted in the history of the world; and, although governments have tried to do so for almost 1,000 years, all have failed. That the current system lasted three hundred years did not mean it would last forever.

As Bernard Madoff's Ponzi scheme attests, no fraud, no matter how large, i.e. \$50 billion or \$50 trillion, can withstand the test of time. Not even a Ponzi scheme that has enlisted the participation and cooperation of all governments and all central banks.

All frauds come to an end, even one as large and as long-lasting as the banker's substitution of government coupons for gold and silver. The game is over except for the

shouting—and not even all the King’s men, e.g. Bernanke, Geithner, Volcker, Summers, et. al., can put Humpty-Dumpty together again.

It’s been two years since I presented my analysis, *How To Survive The Crisis And Prosper In The Process*, to Marshall Thurber’s Positive Deviant Network. In my book, I predicted that real estate would fall 40 % – 80 % and stocks 70 % to 90 %. Today, we’re halfway there.

This Sunday, Martha and I leave for Hungary to attend the final session of Professor Antal E. Fekete’s Gold Standard University Live, a torch that will now be carried in part by the Gold Standard Institute, see <http://www.goldstandardinstitute.com/>.

The Institute’s own charge is to be a voice and catalyst for freedom. We live in dangerous times, times where government, our own and others, in league with private bankers pose the greatest threat to both our freedoms and to our welfare.

Though, today, we look to government to provide both our freedoms and welfare, we are fools for so doing. Throughout the ages, the greatest threat to freedom has always been government. It is no less so today.

The American experiment was mankind’s first attempt to limit the power of government in order to preserve the freedoms of the individual. Unfortunately, over time, this wonderful and wondrous experiment has buckled beneath government’s insatiable need to control in combination with the bankers’ insatiable need to profit.

Believing that government is now our protector against both tyranny and economic subjugation points out the futility of our present situation. The bankers, i.e. foxes, are not in the henhouse, they have owned the henhouse, the US henhouse, via the Federal Reserve Bank, for almost 100 years as they have England’s for almost 300, i.e. the Bank of England.

We are now about to pay the price for their rogue tenancy. The henhouse was once ours but we allowed it to be taken over by those whose scurrilous and selfish intent ran contrary to the principles of those who established our great nation and the great principles they left behind to guide us.

Although we weren’t alive when the transgression happened in 1913, we are alive today when the consequences of so doing are now upon us. Better days will come but they will come only after the present crisis has long passed.

THE CAULDRON’S FLAME AND FIRE

The Tower of Babel’s collapsing
And bankers themselves are caught
Their web of debt is everywhere
And governments have been taught

That should the bankers fail
Bankers' credit will be no more
And governments couldn't spend
What they do not have in store

So governments give our taxes
To the bankers without our say
So bankers can continue to profit
And continue to plague our days

We pay for even our bondage to debt
We pay for the chains we wear
And we wonder why our governments
Don't know what from even where

But it's all too clear and obvious
The answers that we seek
For the rapacious and the greedy
Have always lived off the meek

But the bills for debts' incurred
Will be paid by all concerned
Including the bankers and government
On the slagheap they will burn

For we're now in the final days
Foretold in ancient times
Spoken of by the prophets
In rhythm and in rhyme

Fear not the tumult of the days ahead
Fear not what may transpire
For a new and a better world will come
From the cauldron's flame and fire

Buy gold. Buy silver. Have faith.

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