

GATA GOES TO WASHINGTON: HAS ANBODY SEEN OUR GOLD?

PUTTING IT ALL TOGETHER AND THE WAY FORWARD

By Adrian Douglas

I attended the GATA third International conference held in Washington, April 17-19, 2008. There was a very impressive, star-studded cast of presenters who made presentations on the conference theme from very varied perspectives. In reflecting on everything I had heard during the two days it suddenly occurred to me how all these different viewpoints and perspectives could be integrated in a single, all encompassing way forward for GATA, which I would like to share with you.

There were several presentations which categorically demonstrated the gold market, and many other markets, are manipulated by the Central banks, their governments and their agents. Different perspectives were presented on this theme by Reg Howe, John Embry, Chris Powell, Bill Murphy and Adrian Douglas.

Edwin Viera presented the perspective of gold as money versus paper currency from a Constitutional law point of view. He warned of the Establishment doing everything possible to continue to steal from its citizens through fiat currency creation by, among other things, introducing a substitute paper currency such as the Amero, and forging political and monetary union with Mexico and Canada when the death of the present US dollar appears certain. This grim prospect would mean that not only would the Constitution continue to be violated but the Declaration of Independence too! He warned that in a country where 90 million citizens are armed destitution through inflation will not be taken sitting down!

Reg Howe presented that gold is natural money. The gold price is not a price but an "exchange rate" and the lease rate is not a fee for leasing but an "interest rate". The criticism that "gold doesn't earn an interest rate" is a false argument because neither does cash in your wallet or under the mattress. Just like fiat currencies, gold can only earn an interest rate if it is loaned. Reg demonstrated that the gold price has been manipulated by revisiting Gibson's Paradox. He also took up the theme of Edwin Viera's speech and proposed a solution. He proposed an amendment to the Constitution legalizing the State and Federal governments current practice of issuing paper currency which may be used for settling public debts. At the same time he proposed an amendment to the Bill of Rights making it crystal clear that citizens have the right to choose to use gold and silver as money for private debts. In other words the government's currency would compete with sound money. This would most likely result in the government receiving back its own paper for payment of taxes. If government chooses to inflate the currency supply the paper would cease to circulate for

private commerce as the honest money would be preferred. A similar concept was presented by Hugo Salinas Price for the introduction of a parallel silver money in Mexico that would circulate along side and in competition with the peso.

James Turk presented that gold is money. He showed that gold has retained its purchasing power by showing that there has been historically very little variation in the number of grams of gold required to buy a barrel of oil while the number of dollars required has gone from 2 to 120 in fifty or so years. This is inflationary loss of purchasing power due to excessive creation of dollars. James showed the long term chart of the commodities index indicating that the dollar has been losing purchasing power, but in particular the closing of the gold window in 1971 resulted in accelerated inflation. This was followed by a period of disinflation only for inflation to accelerate again at the start of the current century. He showed from the gold price that the dollar is likely to enter into its terminal death spiral in the summer of 2008. James predicted that the Government will start to put capital controls in place and implement policies that do everything but address the crux of the problem...an unbacked fiat currency being produced at a 20% y/y rate of increase.

James Turk is the proprietor of Goldmoney.com which offers not only the capability to purchase and hold allocated gold or silver, but a payment system in gold and silver also. The system represents an international banking and payment system that is independent of any sovereign monetary system and entirely based on precious metals.

Brian Hinchcliffe, CEO of Kirkland Lake Gold, gave an excellent presentation on the ruminations of the 1981 Gold Commission which was set up to investigate a possible return to a gold standard. It was fascinating to see that even with a dollar that was crumbling in purchasing power, a gold price ten times its previous gold standard exchange rate, interest rates of 20%, mortgage rates of 25%, an oil price of more than ten times its historical price the Commission was incapable of bringing itself to propose the obvious solution of returning to a gold standard. Such is the political addiction to fiat money that politicians are spineless when it comes to kicking the habit!

Catherine Austin-Fitts made a presentation on how everyone should be proactive in defeating the Gold Cartel and regaining control of our economy. She suggested not holding accounts with brokerages or banks of the gold cartel. To find ways to conduct trade locally within the community and find local solutions to finance and commerce.

In one of the panel discussions I made the comment that in 6,000 years of human history governments have shown themselves to be incapable of being custodians of the monetary system. Einstein said that the definition of insanity is doing something over and over but expecting a different result. It can, therefore, be concluded that it is a waste of effort to expect the government to be the

solution to a monetary crisis. As Brian Hinchcliffe demonstrated that even in dire circumstances the government will not opt for an honest money system, but instead, as Edwin Viera stated, it will simply substitute another pretty colored fiat paper currency for a collapsing dollar. Then as Chris Powell and Bill Murphy outlined the government will resort to manipulation of markets on a continuous basis in an attempt to pervert the laws of economics revealing the worthlessness of their fiat currency.

The way forward that will achieve lasting success is to take the government out of the monetary business. GATA needs to invoke Bill Murphy's oft quoted strategy of Zulu Chief Shaka of an "enveloping horn".

The left flank of the horn is:

- to continue the exposure of the fraudulent manipulation of the gold market and many other markets conducted by the gold cartel, on behalf of the FED and the US Government
- to continue to press for the information relating to the status of the US gold reserves, and to sue the Fed and the Treasury if necessary to obtain the truth

The right flank of the horn is:

- to promote the implementation and use of competing honest money with the objective of making fiat money systems defunct by virtue of mass desertion or boycott
- to promote the use of independent, privately operated honest money and payment systems such as Goldmoney.com
- to educate the population on the perils of fiat money and the benefits of sound money

Fiat money can only thrive while it has a monopoly. It can not survive in competition with a superior sound money system. The solution is, therefore, to bring about this competition. To mobilize the people in a non-violent way, a la Gandhi, to drive fiat currency out of the system by superior competing money, just as happens in a free market economy with substandard goods. The solution is not to expect that the government can be trusted with a monopoly over the monetary system EVEN if it is a gold standard. History shows they will abuse this monopoly and position of power to cheat the people once again by first of all watering down the gold standard to the point where it fails to function correctly, and then abandoning it in favor of fiat paper currency on the pretext that the gold standard doesn't work. Lobbying the government to return to a gold standard will be futile, even having a candidate run for president who would invoke a gold standard has shown that such a candidate is given concrete blocks to swim in the sea of the media while others are given speedboats!

We can all make this change happen. We can open goldmoney accounts. We can promote the use of goldmoney in our business dealings. We should write business contracts that are based on gold as a reference. We can give talks at local schools and meetings of business leaders. Slowly but surely we can impose gold as money on our government because their paper will be unacceptable. Governments will be given a budget to spend based on tax receipts and not based on what they can print out of thin air.

If the people take control of the money and payment system we will achieve true democracy; government of the people, by the people, for the people.

As the current monetary system goes to the currency graveyard GATA has a solution for the people. We are not the purveyors of doom and gloom, or crazy conspiracy theorists. GATA has a solution that can liberate mankind from the shackles of monetary corruption by governments; for ever.

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