Catherine Interviews Franklin Sanders with
Special Guest Chris Powell of GATA
Precious Metals Market Report
The Solari Report: April 12, 2012

Catherine Austin Fitts: Let's turn to the precious metals market report. Franklin, are you with us?

Franklin Sanders: Right here.

Catherine: Okay, so before I bring you in, I just want to mention two things. One is I just came last weekend from Easter weekend with Franklin at his church in Tennessee at Westpoint, Tennessee. I have to tell you, Franklin, it was one of the most inspiring, reviving series of services and sermons that I've ever been a part of. I feel completely renewed. The other thing I have to mention is that it's your wife's birthday today.

Franklin: That's correct.

Catherine: You are an incredibly busy man, because I know you worked all weekend and it's Susan's birthday, so I can't thank you enough for coming in and doing the precious metals market report tonight.

Franklin: Well, I'm glad to do it.

Catherine: Okay, so bring us up to date on the markets. What's been going on since last month?

Franklin: Well, I was expecting silver and gold to bottom sometime around the end of March or to prove that they may bottom by the end of March, and they've pretty well done that. In five days, gold has vaulted from 1608 to nearly 1680 today, 1679.50, which is through three resistance areas bumping on the top of real strong resistance where there's a cluster of moving averages right above where gold is plus the lateral resistance at 1682 or so, and so they both advanced really well. Silver, since Monday, has added 1.50. Neither one of them have definitively confirmed that they're not going to do any more work to the downside, but you don't get confirmation until considerably after the bottom's been made, so if you wait until you get confirmation, then you'll be bonded at 1800 instead of 1680 so what we can look for is if gold gets through this area and the top of the area's about 1705, then very, very quickly gold could move to 1750, even 1800, and in my mind, that will completely confirm that we've seen the lows.

Everything's been done. With silver, I'm waiting for it to get over the 300 day moving average and when that happens, that's the end of it. You've seen the last of any kind of correction, but part of this of course is subject to what's happening with the dollar. Steve Saville says that the Fed's job is not to manage the currency. The Fed's job is to manage inflation expectations. That is, we know the Fed's always going to inflate.

That's the only thing they can do. That's what they're set up to do, so what they have to do is to manage the expectations of more inflation so that not everybody catches on and says, "Hey, they're inflating the dollar. I'm going to get out of it," and Bernanke's done a good job at that. He keeps the markets off balance. He keeps them wondering whether he's going to put out more money, or going to print more money, or not print more money.

Oh, yes, we're going to keep the interest rates low. Well, they can't keep the interest rates low over time without printing more money. There's no way they can do that, so I know what he's going to do. I don't know why other people don't, but there was kind of this – the markets reached kind of a stalemate which broke earlier this week when the stock market broke down through the 13000 level and the Dow broke through the 13000. The S&P broke through 1400 and there's a possibility that this may not be the end of that stock market move.

You may see one more move to 13250 or maybe even higher than that, but it's pretty much the end of it. Of course you're entering a time of year after you get through May when silver and gold go a little bit dead, but I'm feeling very, very good about my predictions that gold will go to $2,260 this year and carries silver right along with it and of course when silver gets through $50, then it'll be Katy, bar the door. It'll jump really fast after that, so we've been through a long time. Maybe the correction's not over yet, but if you think about it, silver's been correcting for about nearly a year and gold has been correcting since that high early in September and since the fall at the end of September, so that's about the number of months that you'd expect. It might go on a little longer, and we may get some sideways trading here all the way up into August or September, but we've seen the worst.

Catherine: If you could just say a little bit about the seasonality of the markets.

Franklin: Well, you have a strong tendency in gold to peak in the first five months of the year: April, May, sometimes February, and very, very seldom do you get highs in June, July, and the first part of August. Often you get lows, significant lows in August, not necessarily the lows for the year, but significant lows. Generally speaking, what happens is that the market goes a little bit lower or flat across June and July and then about the end of July, it starts to perk up a little bit and then really starts moving in September. Then you get peaks off in August and you generally get higher prices in December.

Catherine: It's going to be interesting this year because when we come into September and October, they're going to have to redo the new budget. If I'm right that the campaign's going to get dirty, it could be an extraordinarily tense time.

Franklin: I think you're watching the effect of the election already because all the talk about the job situation getting better and this, that, and the other, they change those. They manipulate those figures. I mean they do that anyway, but they certainly do that in the election cycle, and as you go into the election, so that casts a lot of question in the minds of investors. Most investors don't get the very first principle of investing, which is always go with the primary trend, and so they're hot today. They're cold tomorrow. They're hot. They're cold, and all they do is get whipsawed from one thing to the other.

Catherine: Right. Well, I'd like you to just introduce our topic. We're talking tonight about why invest in a managed market, and before we bring Chris Powell in, maybe if you could give everybody your "why invest in a managed market in a nutshell" speech.

Franklin: Well, the way I think about it is this way. If there's a knife fight going on and you're trying to make a bet, trying to decide which of the two fellows you want to bet on, and there's a little, bitty, skinny guy with a penknife and there's a great, big, well-muscled, flexible, quick fellow with a 24 inch bowie knife, who are you going to back? When I look at the Federal Reserve against the economy, I know who to back. The Federal Reserve is not going to win. They're going to keep on inflating. That's what drives the gold market and I have to bet on the biggest player.

What they do is they manipulate markets at the margin. They can't throw the whole market because the weight of it is too great, so they can manipulate it for a few days in one direction or another, and they might manipulate it for longer. They might, depending on the weakness of the market at the time, and if they're very, very good about the times that they pick to strike the market, like when it's already overextended and they go in and sell a bunch, then that will have a bigger effect than at a time when the market's in the middle of a very strong, upward surge, so they manage at the margin, but they can't manage the primary trend. They can't make gold and silver go around and go turn around and go back down. They can do that for a day or two at the margin, maybe a month, maybe two months, but eventually the huge, enormous weight of the whole creature, not just the margin, is going to overwhelm them.

My argument for that is very simply if they are able to stop the market, then why has gold gone in 11 years from 252 to 1680 today and silver gone from 4 to 32.50? I mean if that's controlling the market, they're not controlling it very well. I think the only sensible strategy for investing is to go with what's going to get better. Go with what has all the fundamental forces working in its favor and as long as we have the governmental and central bank setup that we have, they're going to keep inflating. With the 100 years next year since we've had the Federal Reserve, and over that 100 years, they have misdirected money and capital in the economy and in the last 20 years they've created an enormous bubble of bad debt and mal-investment, and that drags down the economy. In addition to that, they keep companies with political connections alive that ought to be sent to the junk heap, so all of that has created such a drag on the economy that it can't be overcome.

Catherine: Well, I would say it differently. I would say that they've harvested the economy for a great deal of money and resources, and it's been quite successful, Franklin, for what it was created to do.

Franklin: Well, if you want to look at it that way, that's true, but what it was created to do was not to make an efficient economy that creates prosperity for everyone. It can't do so.

Catherine: Well, to me, I would say it this way because right now all markets are managed no matter what you're investing in, and of course my goal is to make sure that they can't manage my mind and everybody else who's listening to us today, but to me, you can put money in paper that finances that fellow to own and control real things or you can own and control real things, whether you're owning them yourself as in your house and land, or your car, or other tangibles like your coins or whether you buy it in the stock market or you buy it in a depository and put it there, but is it tangible? Are you financing the means of production or are you giving somebody else the ability to finance it at your expense?

Franklin: Well, is it going to production or speculation?

Catherine: Right.

Franklin: That's the thing.

Catherine: And the reality is the manipulation of price. There's a difference between the real price and the manipulated price, and that is constantly tricking people out of owning or controlling more directly into financing somebody else to own and control.

Franklin: Right.

Catherine: So the reason you want to invest in a managed market is you don't want to end up financing the other fellow controlling. Anyway, so with that, let me bring in Chris. Chris Powell is the editor of a newspaper in Connecticut. I first met him in 2000. He is an unbelievably astute and seasoned journalist, very experienced, very knowledgeable. He started to build the Gold Antitrust Action Group (GATA) with Bill Murphy long ago.

Chris has been really the leader for GATA of documenting and of publishing and republishing all the evidence as to the interventions and management in the precious metals market. By so doing and bringing transparency to that, he and his colleagues have done an enormous service in helping people understand what's going on and how to protect themselves from debasement. Just in my life, I know thousands of people who literally, thanks to Chris and Bill and their efforts, have been investing in precious metals, and it's worked, as Franklin said.

If you look at what's happened to the prices, they have been able to protect themselves from debasement, thanks to Chris and his colleagues' efforts, so Chris has been tireless, not only having a full-time job as an editor, but also speaking around the world on the issues, both radio and at events and running what's called the GATA Wire. If you go to GATA.org, you can sign up for his news service. It's very well done and always you'll get some pretty funny and acerbic commentaries from Chris. Chris always sets me out to laughing, so it's a pleasure to have him with you. Are you with us, Chris?

Chris Powell: Catherine, delighted to be here. Thank you and hello, Franklin.

Franklin: Hi, there. How are you?

Catherine: Chris, I posted some of your collections of all the evidence at the blog for our subscribers.Perhaps if you could walk us through how you got involved in bringing transparency to the precious metals markets and then what you feel is some of the best evidence that has been collected and put forward on what's been happening in the gold and silver markets.

Chris: Well, I got involved in the gold markets simply by accident, Catherine, I guess back in '98 and '99. I was casting about for contrarian investment opportunities and I think I responded to an ad in the *Wall Street Journal* or some other paper where you sent them $10 or $20 and they gave you a free two month subscription to various newsletters and one of the ones I received was Jim Blanchard's old newsletter, which Brian London is writing now that Blanchard's no longer with us, and Blanchard – this is back in '98, '99, was saying that gold seemed awfully low, and I had heard somebody say, "Buy low and sell high," so I started following the gold market. I very quickly ran into Bill Murphy's internet site of financial commentary, lemetropolecafe.com, and that was concentrating on the gold and silver markets.

Bill is a former futures trader, and he began noticing patterns in those markets that suggested that the same big investment banks were intervening in the market to knock the prices down at crucial points and he was complaining that this was market manipulation and after a few weeks of his complaining about it, I got kind of sick of it, and I sent him an email saying that there was a lot of circumstantial evidence suggesting that he was correct, but if he was correct, what was happening was against the Sherman Act and the Clayton Act and 50 state antitrust acts, and that if somebody wanted to start a committee and hire a law firm to bring a class action lawsuit against the market manipulators and collect triple damages, I would be very happy to make a contribution.

Murphy thought it was a good idea, and that's how we founded GATA. I think it was a year or two before we realized that many investment banks and the monetary metals markets were not really doing this on their own, that they were actually functioning as the agents of U.S. government policy. The purpose of this manipulation is simply to regulate, control, manipulate the currency market's interest rates really to support the dollar or very possibly now to weaken it in a controlled way. There's a lot of academic documentation for gold's relationship to the value of currencies and particularly interest rates and the price of government bonds. There's traditionally an inverse relationship between the price of gold and interest rates, and this is why governments always have intervened in the gold market.

They used to do it openly. Now they do it largely surreptitiously, but not entirely surreptitiously, but they do it to control interest rates. They do it to control the value of their currencies. They do it to really support the price of their bonds and now this intervention is so pervasive. It's gone so far beyond the monetary metals markets that – it's just everywhere.

You're talking about investing in a managed market. I don't think there's any substantial asset now whose price is not more controlled by government policy and market intervention than it is by actual market factors. In fact, I think in my little remarks to our conference in Washington four years ago this month where I said that there were no markets anymore, just interventions. I began to say back then that because government intervention, largely surreptitious, is so pervasive now that we really don't know what the price of anything is anymore. Gold and silver are only a couple of elements. I don't think we know what the market price of toothpaste is.

Catherine: Well, I put up your quote on the blog. Let me just read it. "Since central bank intervention and the currency bond equities and commodity markets has exploded over the last few years, we don't really know what the market price of anything is anymore, thus the gold suppression story is a story about the valuation of all capital and labor in the world and whether those values will be said openly in free markets, the democratic way, or secretly by government totalitarian way." I have to say that I would love for the Solari Report subscribers to understand the importance of an honest price, because what we're watching is tremendous misallocation of capital and it's happening because people don't know what the price is, and it needs to –

Chris: We're watching central banks destroying capitalism, really destroying free market economies that are largely responsible for mankind's progress and the consequences of this are grave, to put it mildly.

Catherine: Well, you said tonight when I emailed with you that you think the most important story is what you called financial repression. Maybe you could describe what you mean by that.

Chris: This is a term that commentators and academics and even the recently resigned member of the Federal Reserve Board, Kevin Warsh, have begun using, and by financial repression, they mean in the immediate sense the use of government power to force people to buy government debt, which is paying a below inflation interest rate. The idea is to inflate government debt away without immediately catastrophic results, to do it gradually in a way that people are less likely to notice. It's this misallocation of capital that you and Franklin were talking about, but I would extend financial repression to include a lot of other assets.

This recently resigned member of the Federal Reserve's Board of Governors, Kevin Warsh, a few months ago, wrote an essay in the *Wall Street Journal* about financial repression, and he wrote that governments were trying to suppress prices they didn't like, and we didn't specify what the prices were and I tried very hard to reach them and ask them first which prices particularly was he talking about and secondly, did he learn of financial repression by virtue of a service on the Federal Reserve Board, and while I did reach him through the Hoover Institution, where he'd become a fellow and I did get a cordial response from him, and he was very helpful to me in gaining me access to some remarks he was making at an event at Stanford a couple of weeks later. I could not engage him in the specifics, but I think the remarkable thing here is a few months ago, a recent member of the Federal Reserve Board wrote an essay in the *Wall Street Journal* saying the governments were trying to suppress prices they didn't like.

He did not specify those prices and while the *Financial Times* took brief notice of his speech and while the *Wall Street Journal* published it and while I tried to engage several writers at the *Wall Street Journal* to pay some attention to it to follow up and ask him which prices and how do you know, nobody picked up on it. Now, this is hiding in plain sight. You've got a member of the Federal Reserve Board who just resigned who says that the government is engaged in financial repression and suppressing certain prices the government doesn't like, and I cannot find one journalist in the world, including no journalist at the paper who published the essay, to ask him which prices and how do you know?

Catherine: Well, it's like when $59 billion dollars went missing from HUD the first year. I couldn't get anybody interested in it.

Chris: Yeah. Well, I know why I can't get anybody interested in it, at least nobody in the mainstream press. It's because the government and the mainstream press are not really distinct operations. I'm always teasing my partner, Bill Murphy, a guy that is chairman, who is always sore that we have such trouble getting into the mainstream press, and I note that the *Wall Street Journal*, from page 2A back to page 24A, every page has got an ad from JPMorgan Chase, or Goldman Sachs, or Morgan Stanley, or Bank of America, or Citigroup, and Bill wants to know why GATA isn't on the cover of the B section.

Catherine: You continue to have the lawsuit with the Federal Reserve?

Chris: No, we've consulted to the national class action lawsuit against Morgan Chase for rigging the solar market, but we're not a plaintiff in that. Our most recent action was a federal freedom of information lawsuit against the Fed and U.S. District Court for the District of Columbia, and last year we won that case. We got a court ruling that the Fed had withheld a lot of documents involving gold from us. The court ruled that most of those documents, really all but one of those documents, were properly withheld because there were exemptions or at least claims of exemptions under the law, but the judge found that one particular document, the minutes of the G10 gold and foreign exchange committee meeting I think from 1998 had been illegally withheld from us and so on that basis she ruled that we had won the case, ordered the Fed to disclose that document and the Fed ended up having to pay us court costs of $2,800, and that check from the Federal Reserve Bank of Richmond to the Gold Antitrust Action Committee for $2,800 is proudly posted at our internet site.

I waited the longest time before cashing that check. I thought that was a great trophy, and that lawsuit I think was successful for its success and successful for its failure. That is, the document that we did unearth from the Fed at court order showed the central bank and treasury officials from the G10 nations meeting secretly and discussing essentially rigging the gold price and coordinating the gold policies at a meeting that was never announced to the world.

The lawsuit was successful in its failure to unearth the remaining documents, because at least we determined in a court judgment that the Fed has lots of gold records that it will not let the public see, and particularly in the Fed's internal adjudication of our request, we had our complaint get kicked upstairs to this same Fed board member, Kevin Warsh, who acting as a sort of hearing officer, decided which documents were going to be released to us, at least the Fed's volition, and decided that none of them were. But he identified in a letter to our lawyer, he specified some of the documents and among the documents, the gold related documents the Fed was concealing Warsh wrote to our lawyer, and this letter is posted on our internet site, were records of gold swap arrangements between the Fed and foreign banks. We have an admission on Fed stationery signed by a member of the Fed's Board of Governors that the Federal Reserve has secret gold swap arrangements with foreign banks, and that these gold swap arrangement records must remain secret, no matter the cost.

The only purpose of these gold swap arrangements is for the Fed to intervene or the U.S. government to intervene surreptitiously in the gold market through intermediaries. This is public record.

Catherine: I have always been amazed that they gave that to you.

Chris: Yeah. I wonder now, given Warsh's essay in the *Wall Street Journal* and his gentle complaint about financial repression, in retrospect now, I wonder if he let that slip for a purpose. Originally I thought, "Oh, my god, he doesn't know that they've done here. He's given the game away," but then two years later he's writing this essay in the *Wall Street Journal* complaining about financial repression. Well, was he trying to be a little bit more honest than the typical member of the Federal Reserve Board?

Catherine: Yeah, they didn't have to give you that. I mean they –

Chris: No, it was much more detailed than was necessary because they could've just written us a one page letter telling to go screw, they weren't going to give us a damn thing, but instead he wrote us a three page letter which specified some of the material they were insisting on withholding from us. Among that material were these gold swap records.

Catherine: You've gotten some quite remarkable documents out of the government and my favorite is the letter from the treasury on confiscation. Perhaps you could share that story with us.

Chris: Oh, sure. I guess this is probably, I don't know, six or seven years ago.

Catherine: It was a while back.

Chris: But it's still relevant. Confiscation of course is a great concern to any of us who are invested in the monetary metals that happened once to a certain extent in the United States back in 1933. There's a lot of rumor and speculation about the issue. I thought, "Well, let's go to the source. That's what journalism is supposed to do." I wrote a letter to the treasury department asking to know exactly what the treasury department's position on confiscation of monetary metals was. They did not answer me and eventually I wrote to my congressman, John Larson here in Connecticut, who's a Democrat I've known for many, many years, does very good constituent service, asking him for help in getting the treasury to answer me.

Once I had my congressman involved, badgering them, I did get a response, a very long and candid response from the guy who'd recently taken over as the, I guess, deputy assistant secretary for foreign assets control, and this letter is posted on GATA's internet site on our confiscation page, which you can find easily on the left side of our homepage. There's an entry for it, confiscation. Anybody can read it, but it sets forth the, as best I can determine, the only official statement the government has made in recent years on the issue of confiscation and the treasury department said that its position is this, that under the Emergency Economic Powers Act of I think it's 1974, and the Trading with the Enemy Act of 1917, which is the act that Franklin Roosevelt purported to be using when he ordered the confiscation of U.S monetary gold back in 1933.

That under these two laws the treasury department claims the power upon a proclamation of emergency by the president of the United States to seize or freeze any gold, or silver, or any gold or silver related asset for national purposes. But then the secretary for foreign assets control told me in a very nice way that I shouldn't get too paranoid about it because under the same two laws, upon proclamation of an emergency by the president, the treasury department claims the power to seize or freeze any financial asset owned by anybody, not just gold and silver, but anything you have. The government claims the power to seize or freeze upon a proclamation of an emergency by the president.

Catherine: So at least all your assets are standing in the same value?

Chris: Yeah, that's right, land of the free, home of the brave.

Catherine: Well, let's go back to the topic that I started with this evening, and that is, why invest in a managed market? Now, you presumably, I'm assuming, are still a gold investor. Why do you continue to invest in a managed market? What do you think the case is for doing so?

Chris: Well, I gotta confess, I am not an investment advisor. I am a mere citizen of the United States, and unfortunately 'mere' seems to be increasingly the operative word, but the advice I've been giving friends is to get all the gold and silver you can, real metal, not paper claims on it, and then find a safe planet to keep it on, and when you find that planet, please call me and tell me what it is so I can join you. There is immense political risk in investing in the monetary metals. On the other hand, given the pervasiveness of government intervention in the markets, managed markets I think is a very polite way of putting it. I cannot see saving in any instrument, any vehicle that is not a hard asset, that is not something concrete you can hold in your hands. I am confident that if anything resembling a market system is ever restored, the price of gold and silver will be far higher than they are now, relative to all other assets.

Why do I think that? I think that because I am morally convinced that there is an enormous, virtually infinite, naked short position in both of the monetary metals. That is I'd say the greater part, probably 75, 80, 90 percent of the gold and silver the world thinks it has doesn't exist, that there's so many extra paper claims to metal that doesn't exist, that if and when these naked short positions are discovered, and I think they are in the process of being discovered, there may not be enough zeros to put behind the gold and silver price now. That's a matter of great hope to me and other gold and silver investors.

However, the question arises, when gold and silver are revalued either by government policy or by the markets exploding upon the naked short positions' discovery, will the government let us keep our metals? Will the government punitively tax our capital gains? I don't know. This issue is just fraught with political questions, hypotheticals. I don't know what's going to happen, but I am morally certain that there are enormous naked short positions in gold and silver and that they are likely to be discovered in what remains of my lifetime. While it's a risk in investing in them, I think it's probably less risky than investing in anything else, and I think that's the short answer to your question. Why invest in a managed market?

Catherine: When you have a breakdown in law and order, the question is as the IMF said, is anything safe? I would say the issue of the naked short in gold and silver is really a national security question because it's matched up with what I believe are the equivalent – I call them collateral fraud instead of naked short, that you have the same problem in the mortgage markets and in the government bond markets, so you have a real gap between the real stuff that exists versus what people think they hold.

Chris: Yeah, definitely. This intervention that is going on everywhere and these collateral frauds you're talking about, they are all part of the same thing. The government policy toward the financial markets now survives only insofar as it is able to deceive everybody. If that deception is exposed, the whole thing comes crashing down, and yes indeed, I agree with you completely that the gold and silver price suppression schemes are considered national security issues because if gold and silver, the monetary metals, ever begin trading freely and power devolves from the government to the people, well, the government is not going to like that very much.

Catherine: No, they're not going to like tax collections very much. Let me ask you, Chris, you gave one of the best descriptions I've ever heard of what a radical debasement is, and maybe if you could describe what a radical debasement is and whether or not you think there's any possibility that such a thing could happen in the next couple of years.

Chris: Well, if gold and silver were revalued overnight, yeah. There'd be new values for everything, not just gold and silver. I might very much love in theory a gold price of 10,000 an ounce, but that will very likely bring the price of a Big Mac up to $50, $60, maybe more. This is inevitably I think going to happen because of the distortions that the government has put into the markets for so long with the interventions that Franklin was talking about. The disparagement we hear about gold particularly is that its price has not kept up with inflation, so this is the sneer that's always made about gold.

For some reason, nobody asks the follow up question. Well, if gold hasn't kept up with inflation over the last 20, 30, 40, 50 years, why is that? I mean if oil has kept up with inflation, or bread has kept up with inflation, or real estate has kept up with inflation, why gold particularly has done so poorly relative to the debasement of the currency? The answer is obvious. It's because the western central banks have created this naked short position in gold by this inflation of the imaginary gold supply.

The gold paper that has been created is suppressing the gold price. We don't just have to dig gold out of the ground to think we have gold now. Governments can underwrite through the bullion banks, the investment banks the issuance of virtually infinite gold paper, and as long as people accept that paper, as long as people who think they're buying gold do not take the metal in possession from Franklin's shop or somebody else's shop and take it out of the banking system, then the western central banks can create imaginary gold in infinite quantities and forestall the recognition of the inflation that they've created over the many decades. The whole game here has been to divert the monetary inflation away from investment in real things whose rising price would show up very directly in consumer price indexes and to divert that inflation, that surplus money supply, into mere paper claims on real things.

The British economist, Peter Warburton, was the first one I know of, anyway, who figured this out. He wrote an essay back in 2000 to 2001, which is also posted on GATA's internet site called "The Debasement of World Currencies." It is inflation, but not as we know it, and basically Warburton was saying that derivatives were either invented or were being used to divert monetary inflation away from real things into paper instruments that really just a relatively few billion dollars using derivatives in the futures markets could easily control the major commodities markets and that he ended his essay by laying out what he called the search for the perfect hedge against monetary debasement.

Oh, he came up with things like farmland and water supplies and things like that, but the prerequisite for the perfect hedge Warburton wrote was that it could not have a futures market attached to it because the futures markets were the instruments of price suppression and government control, and I think Warburton was the first one as far as I know who figured the whole thing out and that was to prevent people from seeing how their currency was being debased in order to aggregate power toward the governments and away from the public. Now, I don't think the western investing public is going to pull the plug on this. I don't think the people over here are informed enough and smart enough and really have enough initiative to figure it out. I think the plug on this is going to be pulled by –

Catherine: Asia.

Chris: – eastern governments. That's right. We know Russia knows. We know China knows. If Russia and China know and are even broadcasting it as they've been lately, then other eastern and third world powers are I think going to be spending their dollar surpluses – those countries with dollar surpluses are going to, I think, try to hedge themselves.

Already they're trying to hedge themselves, gradually trading dollars for real things, and U.S. government bonds for real things now. I don't think they want this to happen overnight. In fact, I suspected in the last so-called gold and silver corrections that it probably –

Catherine: It picked up a lot.

Chris: I'm sorry?

Catherine: I think they've picked up a lot, particularly in mining.

Chris: Oh, yeah. I do too, but I think in this correction that may be ending now, I suspected that China may have been assisting in it, because China is not yet fully hedged with its dollar reserves. I suspect right now, even if gold was revalued to a market price, which could be in the many thousands of dollars, China, I suspect, would still lose more from the revaluation because its dollar surplus is still too high, so even those nations that I think want to shift out of the dollar and into gold or something else for reasons of political influence around the world, I don't think they're ready for it yet because they've not fully hedged their dollar surpluses, and I think only when they feel fully hedged will they pull the plug.

Catherine: Now, before we end, Franklin, I want to invite you in to make any comments you have on the discussion tonight.

Franklin: Just one thing that occurred to me. Chris, to what extent do you think that the gold and silver ETF's were part of a scheme to divert demand away from physical?

Chris: I know it sounds conspiratorial, Franklin, but given my dealings with the people involved in those things, given particularly their custodians, Morgan Chase and HSBC, which are very much the agents of the U.S. government and the British government in controlling the gold market, I think you have to assume that the gold and silver ETF's were indeed set up to help the western central banks control the monetary metals markets. No question in my mind, anyway.

Franklin: Right and they've done a sterling job of it too.

Chris: Yeah. Look, if they had their way perfectly, you've got a gold, a silver coin, and a box of Wheaties. What would be considered that useless and that much of a trinket, but you can see the glass as half full or half empty. We've gone from about 260 back in '99 when GATA was formed to 1600 today in gold and then silver from maybe 4.50 to something over 30 and that's a hell of an increase. On the other hand, market prices of gold and silver today would be multiples of those prices, so I suspect they are probably congratulating themselves for restraining the gains of the monetary metals to what they are today.

Chris: Sure.

Catherine: Well, Chris, we're out of time, so if you could describe for us how we keep up with you on the GATA wire and GATA?

Chris: Oh, sure. Our internet site is GATA.org. We have an irregular daily newsletter called the *GATA Dispatch*, which alerts people to new stories and commentaries of particular interests to gold and silver and the *Dispatch* is by no means any attempt to be a complete reporting about the metals, but things that would be of interest, particularly to people who were concerned about the suppression of gold and silver prices. We send these *Dispatches* out by email to anybody who wants them. All you have to do is go to our internet site and the right column of our internet site.

There's a little window where you can plug your email address in. You can sign up for receiving either every *Dispatch* individually or we have a daily summary of the *Dispatches* that went out in the last 24 hours, so if you don't want to get your email box crowded with two, or three, or five, or eight *Dispatches* in a day, you can sign up instead for the daily summaries so you get only one *Dispatch* a day and we try to make it easy for people to get off the list. Every *Dispatch* at the bottom contains a mechanism for unsubscribing, and you can also unsubscribe by using that window I was talking about in the right column at GATA.org.

Catherine: And if you're speaking publicly, how do we find out what you're doing?

Chris: Oh, generally I will include at the bottom of every *GATA Dispatch* the speaking schedule for GATA's officers. We don't have anything going on in the next, oh, few weeks anyway. I'll be at the meeting of a committee for monetary research and education spring dinner meeting in New York on May 17th. I guess I'm really just moderating part of that, but I think our next real appearance at a conference will be at the Vancouver Resource Investment Conference in June.

I think it's the 3rd and the 4th. I'll be sending something out about that shortly. There's a couple of conferences in Hong Kong that I'll be speaking at in the middle of June. One is the standard chartered conference. One is oh, another couple of organizations that have come together. I can't remember their names right now, but I'll be putting something about that shortly.

Catherine: You just pop up around the globe.

Chris: Well, it's a little more wide ranging than I was expecting it to be, but Asia I suspect is really the audience we ought to appeal to because the people over there understand the monetary metals much better and ironically the press I think is much freer to report about them honestly than the press in the west is.

Catherine: Well, Chris, it's been a delight to have you on the Solari Report. I thank you very much for joining us.

Chris: Okay, thanks for your interest, as always, and Franklin, good to hear you too.

Franklin: Yes, sir, you too.

Catherine: Franklin,

Franklin: Yes.

Catherine: I'm homesick but I'm going to see you next month. We've got precious metals market report in May and I'll be back in Tennessee.