Die Geheime Goldpolitik
Dmitri Speck

Amazon is my go-to for books, but due to shipping issues where I live I generally buy ebooks. Amazon didn't offer this in soft format; somebody else did.

Now on to content. I'm not much of a conspiracy buff, but Speck makes an ironclad case that the price of gold and other precious metals is seriously manipulated by governments, central banks and bullion banks (banks that deal in gold).

Why? Every conspiracy needs a motive. Here it is, in a nutshell. Gold is the tail that wags the dog. Total value of gold in the world is about $8 trillion, miniscule compared to the total amount of fiat currencies and credit sloshing around. Gold is, however, a measure of the value of the others. Therefore, it makes sense to depress the price of gold in order to make the dollar, euro et al, bonds and stocks look good. If it is too expensive to fix the air conditioner, bang on the thermometer and tell a happy lie.

Central banks have been doing it for a long time. The operation via the "Gold Pool" was quite open under the Bretton Woods agreement, which collapsed in 1971. Speck demonstrates that it has been active again since the Clinton/Greenspan years. He even prints a "smoking gun" documents, minutes of a Fed meeting in 1993. The Fed had a dilemna. If they set interest rates too high, it would depress the incipient economic recovery. Too low, and investment would flee (was fleeing) to other currencies and to gold. Solution? Sell some gold from our massive reserves, and force down the price of gold.

Speck provides a table of monetary policy motives for intervention against a rising gold price. Motive is at the heart of his argument. He devotes most of the book to presenting overwhelming evidence that it is happening and to projecting why it must end.

I appreciated his discussion of the gold leasing business. It makes sense for two reasons. First, as a forward hedge by gold miners, and second so the gold banks can engage in the carry trade. Now I understand!

motive	operational effect
lower inflation	Low inflation expectation
higher U.S. dollar	Competition in currency threesome (I add - dollar, gold, other currencies)
Lower long-term rates	Competition, lower inflation expectations
Better sales of Treasuries to other central banks	competition
Financial market stability	Competition, avoiding signal effect
Profits for those who lease gold	Financing gold interventions
General! Strengthening of credit money	competition