

Ecuador to Transfer More Than Half its Gold Reserves to Goldman Sachs in Exchange for “Liquidity”

By [Michael Krieger](#)

Global Research, June 05, 2014

[Liberty Blitzkrieg](#) 2 June 2014

Region: [Latin America & Caribbean](#)

Theme: [Global Economy](#)

This is a great example of how the game works. In a world in which every government on earth needs “liquidity” to survive, and the primary goal of every government is and always has been survival (the retention of arbitrary power at all costs), the provider of liquidity is king. So what is liquidity and who provides it?

In the current financial system (post Bretton Woods), the primary engine of global liquidity is the U.S. dollar and dollar based assets generally as a result of its reserve currency status. Ever since Nixon defaulted on the U.S. dollar’s gold backing in 1971, the creation of this “liquidity” has zero restrictions whatsoever and is merely based on the whims and desires of the central planners in chief, i.e., the Federal Reserve. As the primary creator of the liquidity that every government on earth needs to survive, the Federal Reserve is thus the most powerful player globally in not only economic, but also geopolitical affairs.

The example of the so-called sovereign nation of Ecuador relinquishing its gold reserves to Goldman Sachs for “liquidity” which can be conjured up by the Fed on a whim and at zero cost tells you all you need to know about how the world works (read my post: [Why Fiat Money is Immoral](#)).

[Now from Bloomberg:](#)

Ecuador agreed to transfer more than half its [gold reserves](#) to Goldman Sachs Group Inc. for three years as the government seeks to bolster liquidity.

The central bank said it will send 466,000 ounces of gold to Goldman Sachs, worth about \$580 million at current prices, and get the same amount back three years from now. In return, Ecuador will get “instruments of high security and liquidity” and expects to earn a profit of \$16 million to \$20 million over the term of the accord.

“Gold that was not generating any returns in vaults, causing storage costs, now becomes a productive asset that will generate profits,” the central bank said in the statement. “These interventions in the gold market represent the beginning of a new and permanent strategy of active participation by the bank, through purchases, sales and financial operations, that will contribute to the creation of new financial investment opportunities.” See Bloomberg Report [here](#).

This isn’t the first South American country we’ve heard about sending their gold to

Goldman. Recall my post from late last year: [Is Venezuela Selling Gold to Goldman Sachs?](#)

This gold is headed straight to China or Russia. Good luck ever getting that back amigos. Just ask Germany.

The original source of this article is [Liberty Blitzkrieg](#)
Copyright © [Michael Krieger](#), [Liberty Blitzkrieg](#), 2014

[Comment on Global Research Articles on our Facebook page](#)

[Become a Member of Global Research](#)

Articles by: [Michael Krieger](#)

Disclaimer: The contents of this article are of sole responsibility of the author(s). The Centre for Research on Globalization will not be responsible for any inaccurate or incorrect statement in this article. The Centre of Research on Globalization grants permission to cross-post Global Research articles on community internet sites as long the source and copyright are acknowledged together with a hyperlink to the original Global Research article. For publication of Global Research articles in print or other forms including commercial internet sites, contact: publications@globalresearch.ca

www.globalresearch.ca contains copyrighted material the use of which has not always been specifically authorized by the copyright owner. We are making such material available to our readers under the provisions of "fair use" in an effort to advance a better understanding of political, economic and social issues. The material on this site is distributed without profit to those who have expressed a prior interest in receiving it for research and educational purposes. If you wish to use copyrighted material for purposes other than "fair use" you must request permission from the copyright owner.

For media inquiries: publications@globalresearch.ca