

# The Orchestrated Attack on Paper Gold: Rise in the Demand for Gold and Silver Bullion

By [Dr. Paul Craig Roberts](#)

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Theme: [Global Economy](#)

*Tuesday, April 16. The orchestrated attack on bullion in the paper gold market took the spot prices of gold and silver down on Friday and Monday, but actual physical purchases rose during this period. The sales were of paper claims, not of real metal.*

The demand for physical possession of bullion rose so strongly that large wholesalers such as [www.tulving.com](http://www.tulving.com) and large retailers such as Gainesville Coins reported sold out items. Also, dealers raised the premiums above the spot price that is charged for coins. From Friday to Monday the premium on Silver Eagles at the large online retailer, Gainesville Coins, rose from \$3.75 to \$5.99 above the spot price of silver. The percentage increase in premium was larger than the percentage decline in the silver price. Thus, the price of a silver one Troy ounce coin did not drop despite the drop in the spot price. Today (April 16) the price of a silver eagle purchased with a credit card from retailer Gainesville Coins is \$30.36. You would never know that the market had fallen out.

Today (Tuesday, April 16) Tulving reported 29% of its bar and coin bullion categories sold out and had almost no silver coin stock. The premium over spot on new gold eagles was \$63.95. At large online retailers the premium was \$71. Gainesville Coins has no silver Buffalos and lists shipment of orders to commence when coins are available, estimated to be May 10.

What I am reporting are facts, not a theory. We have just had two days of massive sales of paper claims on bullion, but during these days when the price of gold and silver collapsed under short sales, it was difficult to get your hands on the metal itself. On telephone orders you wait in long queues to place an order and are told that delivery awaits availability.

Listening to the media and to academic economists such as Paul Krugman, you would think no one any longer wants gold and silver. But try getting your hands on some.

The physical bullion market, gold especially, is dominated by Asians. Americans are a minor player. Most Americans still believe in the almighty dollar, but few Asians do. The Chinese tomorrow would dump their two trillion of US dollar-denominated assets and purchase gold, except that the action would drive down the dollar and drive up the gold price. So, unlike the orchestrated attack on gold, China plays a slow hand, using the orchestrated attack on gold to acquire the metal at lower prices.

As I understand it, the open interest or future contracts on COMEX greatly exceed the bullion available for delivery. This is a paper market mainly settled in cash, not by taking delivery. If the contracts had to be settled in bullion instead of cash, the COMEX would fail.

One advantage of growing old is that one gains perspective. I remember when gold was \$35 an ounce and silver \$1 an ounce. If memory serves, until sometimes in the 1960s, a person could still take a paper dollar to a bank and be given a silver dollar. There were \$1 dollar and \$5 dollar silver certificates (paper money) that circulated along with Federal Reserve currency. At that time banks did not differentiate. A dollar was a dollar. Silver certificates today have collectors's value, but the Federal Reserve currency does not.

If memory serves, sometimes after 1966 if a person presented a silver certificate to a Federal Reserve Bank, he received one or five ounces of raw silver in return depending on the denomination of the certificate, which looked like a Federal Reserve note except it said Silver Certificate. I have some of these envelopes of little pieces of silver.

When silver was taken out of US coins in the 1960s and copper was taken out of the US penny in the early 1980s, despite my opposition as Assistant Secretary of the US Treasury for Economic Policy, all real constraints on fiat money were removed.

Today we see the Fed protecting its protection of "banks too big to fail" with low interest rates by creating enormous sums of money in order to purchase both Treasury bonds and mortgage backed derivatives.

These Fed purchasers are at the expense of savers and CD and bond purchasers who receive a negative real rate of interest.

Now, to protect its bank rescue policy, the Fed is attempting to drive down the price of bullion, thus depriving Americans of any way of protecting their life savings from the inflation that the Fed's money printing will ultimately cause.

Save a handful of corrupt banks, screw the American public—that is the Fed's policy. Like almost every other American institution, the Fed represents the mega-rich.

Anyone with open eyes can see that it is impossible for the US dollar to maintain its current exchange value and role as world money when its supply is being increased by \$1,000 billion per year while the world is ceasing to use the dollar for international payments.

The attack on gold is a desperate attempt to protect the US dollar from the Fed's policy of quantitative easing. But the attack on bullion has apparently failed. The price was driven down, but the demand for physical possession has hit new highs.

What is it that we really know? What have we learned since the Clinton regime?

We have learned that integrity is rare in the US government, in the justice system, and in the financial sector. Whatever integrity one can find in these arenas wouldn't amount to one ounce of gold.

Americans live in a rigged system in which propaganda determines the public's awareness and consciousness. Americans, or most of them, live in the Matrix.

Since the end of WWII, most foreign governments have been in the habit of going along with Washington. Only in the aftermath of Washington's phony wars based on lies and phony economy based on rigged statistics is the rest of the world beginning to realize that Washington is a destabilizing force.

Chavez, the recently deceased leader of Venezuela made the point most powerfully when he spoke at the UN. Standing at the podium in the General Assembly, he said that "Satan himself stood here yesterday speaking as if he owned the world. You can still smell the sulfur." He was speaking of George W. Bush, and the entire assembly knew it.

The Russian leader, Putin, speaking of Washington, has declared that we know what comrade wolf is up to.

The Chinese can see the new military bases that stupid Washington is building in the Chinese area of influence.

A country whose currency is being abandoned as the means of international settlement, not only by the BRICS but also by puppet states such as Australia and Japan, has reached the point of absurdity when it tries to eliminate bullion as a refuge against the depreciating dollar.

The Federal Reserve and the US Treasury using their dependent bullion banks, every one of which would be busted if interest rates were not rigged by the Federal Reserve, have used leverage in the paper market to drive down the prices of gold and silver; yet, purchases of physical bullion are outrunning supplies.

What we are witnessing is the failure of a policy of financial corruption.

Integrity is a scarce commodity in the US government. Try to find much of it. Demonstrating a rare example of integrity, Brooksley Born resigned as head of the Federal Commodity Futures Trading Commission, because the Federal Reserve chairman, the US Treasury secretary, and the SEC chairman prevented her from doing her statutory duty and regulating over the counter derivatives. The three morons who prevented her from doing her duty caused the financial collapse.

Integrity is almost non-existent in the US justice system.

Integrity is totally non-existent in the US financial system. As Michael Hudson has proven, the financialization of the economy has destroyed the economy.

With dollars, and now with Washington's demand Japanese yen and European euros being printed in profusion, where can people put their money, at least those who still have some?

Can they put it in bonds when the Federal Reserve is monetizing debt at \$1,000 billion annually and real interest rates are negative?

Can they put it in stocks that are pumped up by banks speculating with the Fed's money while retail sales, labor force participation, and consumer incomes fall?

Safety can only be found in gold and silver, traditional, historical money that cannot be inflated. This is why bullion is under attack by Washington.

Readers ask me what they can do to protect themselves and where can they go to make gold and silver purchases.

I am not a registered financial advisor. I do not provide financial advice.

Every person must make their own decision. All I can do is to provide information, which is not guaranteed to be correct.

There are various simple options in contrast with the more demanding options of the professional trader. A person can accumulate gold and silver coins and keep them in a home safe or bury them on the property. A person can purchase shares of the Central Fund of Canada which convey ownership in a company that owns gold and silver bullion in a vault in Canada. A person can put money under management with companies that have a strong component of gold, such as Golden Returns Capital LLC whose gold depository is in the US.

Or you can decide to go with William S. Kaye ([wskaye@pacgrp.com](mailto:wskaye@pacgrp.com)) whose depository is in Hong Kong.

There is GoldMoney, a Channel Islands based depository firm with storage vaults in London, Switzerland and Asia, and there is GoldSwitzerland, a Swiss company with its storage vault in Switzerland.

If you want a reading on whether physical gold is being sold or merely paper shorts, subscribe to John Brimelow [brimelowgoldjottings@gmail.com](mailto:brimelowgoldjottings@gmail.com)

This list is not exhaustive. Protecting wealth can be harder than acquiring wealth. This is especially true for the middle class. The super rich can lose hundreds of millions of dollars and still be rich.

Gold and silver investments are not my speciality. I am an economist. I am aware that the US media is a propaganda organization, not a purveyor of truth. Currently the US is creating 1,000 billion dollars annually, but the demand for dollars is not growing with the supply.

Therefore, the exchange value of the dollar is at risk. A high and rising dollar price of bullion is an indication that the exchange value of the dollar with regard to other currencies is too high.

To protect the dollar from its money printing practice, the Fed has used naked shorts, its bullion bank dependents, and the prostitute media to drive down the gold price in the paper market, essentially an unreal market not inhabited by purchasers of physical metal. If the dollar's exchange value takes a visible hit, import prices will rise, and the Fed will lose control over interest rates.

Meanwhile the demand for bullion possession rises.

The latest disinformation being put out is that bullion dealers, faced with the collapse of bullion prices, are afraid of the risk of purchasing bullion to sell to the public. They are going out of business and not replenishing their stocks. Gold and silver bullion is not available, because bullion dealers are afraid to stock the metals.

Little doubt that Americans who believe every fairy tale "their" government tells them will believe this one too. But those who don't will observe the long lines waiting to purchase physical metal, not paper claims, and continue to load up on bullion.

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