

We are on a Gold Standard Now, Even though it is not Recognized

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If you believe that gold no longer plays a role, think again. In effect, if you know what to look for, the world is on a gold standard now.

In 1971 the US 'closed the gold window' starting an era of global fiat money reference pricing that has been unprecedented in history. Never has the world operated on the basis of no country having a currency tied to something with intrinsic value like Gold. The 'petrodollar' – a US dollar exchange rate based on the deal struck between Saudi Arabia and America – for the US to buy their oil and for the Saudis to buy US dollars and bonds in return – started a period of oil companies (with the military machinery in their pocket) bullying the world into buying US dollars or getting cut off from oil and dollar supplies led to our current political situation with the US now involved in multiple wars in various oil dependent economies and their satellites – and this lulled many into believing that Gold no longer played a role, but recent events prove these assumptions wrong.

Leading up the news that the Federal Reserve would not 'taper' their bond buying (QE) program we saw a precipitous drop in the price of Gold. Since I knew (like others including Peter Schiff, Bill Fleckenstein, Michael Pento and even James Rickards who stated as much on "Keiser Report") that the Fed cannot 'taper' at any point going forward without throwing their entire Ponzi scheme into the ditch (causing every major bank in the world to instantly collapse) it was interesting to see the price of Gold trade down – unless you know the Fed, working alongside bankers on Wall St. and the City of London – are actively managing the price of Gold (along with stocks, bonds and currencies). Knowing that the Fed (who is implicated in every recent major market rigging scandal covering Forex, energy markets and credit default swaps) knew that it would make an announcement that would cause a buying panic in Gold (that they were going to debase the currency some more) – it had to go into the market and drive the price of Gold down ahead of the announcement or risk seeing Gold pop to new all-time highs of \$2,000 or more.

I commented a few weeks ago that to understand the Fed you have to understand that it, along with JP Morgan and other TBTF banks, are one giant hedge fund. And this is a huge negative for supporters of free markets who believe prices should be determined by the market – not the Fed. Surprisingly, a few days later Warren Buffett made the same observation. He said the 'Fed is the most successful hedge fund in history.' For Warren this is true. He is on the receiving end of the biggest transfer of wealth in history from workers and savers to borrowers and speculators. But for those not on the Fed's list of recipients of hundreds of billions worth of interest free loans that never have to be paid back the fact that the Fed is a giant hedge fund is devastating. It's no coincidence that the day after the 'no

tapering' of 'food stamps for bankers' aka QE was announced the government announced that food stamps for the non-recipients of the Fed's free money were told that they can expect a 'taper' in the form of a cutback.

The huge price drop in Gold before the taper announcement is 'smoking gun' proof the Fed does exactly what Warren Buffett says they do: operate like an enormous hedge fund; making free loans to 'friends,' manipulating markets with impunity, disrupting price discovery with high powered algo trading fraud and pressuring governments to submit to various extortion schemes like TARP (created by Goldman Sachs alum and Treasury Secretary Hank Paulson).

In effect, if you know what to look for, the world is on a gold standard now. The price of gold is telling you that the Fed Ponzi is running at full tilt and that the ravages of having such a destructive mechanism at the heart of the economy are unraveling. Because even with all that effort, the trend of the price of Gold is still higher and at some point the ability to keep it down will fail and then; as Warren Buffett also said; 'You can see who's not wearing a bathing suit when the tide goes out.'

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