

# A Crazy Thought: Is Gold Money? The US “Claims” to Possess 8400 Tons of Gold

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*Let's have some fun today! For a change of pace I thought it a good idea to think way outside of the box and write about something that isn't possible and wouldn't really matter even if it was true.*

Recently a question was posed to me by a reader, a really crazy question! He asked regarding the fact there has been no audit of U.S. gold since 1955, “what if the reason they refuse to audit the gold is because we have much MUCH more and they don't want anyone to know?”. At first I just laughed and responded with a flippant answer, but then it dawned on me, would it even matter? Let's break this down in several pieces and then make further assumptions to see if it would really matter.

First, the U.S. claims to have 8,400 tons of gold. For simplicity let's call this amount rounded as one third of a trillion dollars or \$350 billion. Let's assume the vaults are actually bursting and have 3 times the amount of gold claimed. This would mean there is a nice round number of \$1 trillion worth of gold sitting in the vaults. Would this amount “matter”? Would really and truly having “\$1 trillion” mean or change anything?

Think about where we have come from and what has been done over the last 6 years to keep life as we know it going. The Fed has increased their balance sheet by well over \$3 trillion while the Treasury has borrowed some \$8 trillion more. You might also remember the Fed “secretly lent out” some \$16 trillion all over the world and mainly to foreign entities. This was discovered in 2011 I believe, it was a shocker at the time but “oh well”, it means nothing now. My point being, in just the last 6 years, the Fed and Treasury have printed and borrowed over \$10 trillion, so no, \$1 trillion in the vault is no big deal.

But wait, “this is gold and not dollars” you say? Well yes, it is gold and we do know it can be pegged in price. If it is pegged too low, demand will outstrip supply and if too high then supply will come in to the bidders. Yes, there is a huge difference between sitting on \$1 trillion worth of dollar bills and \$1 trillion worth of gold, we can touch on this shortly but first let's do a little more math. We have had several individual years where our fiscal deficit was over \$1 trillion, so our 25,000 tons of gold would have already evaporated many times over. Let's make another assumption that the rocket scientists in Washington D.C. decide to pull a “Roosevelt moment” and mark up the price of gold (since they have so much).

Let's assume it is decided to mark gold up to \$10,000 per ounce, what would this do? The flat out answer is “very little and certainly not enough”. Even if we truly did have three times the amount of gold we claim to have AND marked up the price nine or ten fold to \$10,000, we still only cover the lunacy of the last six years! If we look at the big picture of Treasury debt and the Fed's balance sheet combined, we are only halfway there. Looking at

the entire picture which includes all debt and future obligations, the number is a staggering \$200 trillion. This humongous stash of 25,000 tons of gold, priced at \$10,000 per ounce is only equal to 5% of total current and future obligations!

Do you see what we just did here? This was a backdoor way of displaying how ridiculously cheap gold is currently compared to all of the debt that's been underwritten. Yes I know, there will be those who say "Holter, you are an idiot. It doesn't matter what the price of gold is because it's not money anymore". Really? (not the idiot part, the "money part"). Gold IS money. Yes, our government says it is not and does not want you to believe it is money ...does that change the fact? Let me point something out to you, China believes gold is money, many other nations believe gold is money, can the U.S. "legislate" to foreigners? Foreigners are already "voting" their beliefs and pocketbooks by purchasing all the gold the world produces and quite a bit more.

To wrap this part up, let me just say that no, pigs do not fly unless they are in an airplane and no, the U.S. does not have more gold than we claim to have.

Common sense tells you the gold supply and demand deficit has had to have been supplied from somewhere. This "somewhere" is obviously where the gold had been stored.

ONLY the West, led by the U.S. had massive hoards of gold large enough to supply 1,000's of tons of annual supply deficits.

ONLY the West, led by the U.S. has had a motive to supply these deficits to support the value of the dollar and to depress the price of gold. Yet, all we hear from the U.S. when the topic of either the Fed or our depositories being audited are three things, either crickets, an audit is too expensive or "trust us". As for the "too expensive" part, I think we can equate this to last year's 5 tons of German gold... they didn't get more because of transportation logistics. How funny!

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### **About the author:**

Bill Holter writes and is partnered with Jim Sinclair at the newly formed Holter/Sinclair collaboration. Prior, he wrote for Miles Franklin from 2012-15. Bill worked as a retail stockbroker for 23 years, including 12 as a branch manager at A.G. Edwards. He left Wall Street in late 2006 to avoid potential liabilities related to

management of paper assets. In retirement he and his family moved to Costa Rica where he lived until 2011 when he moved back to the United States. Bill was a well-known contributor to the Gold Anti-Trust Action Committee (GATA) commentaries from 2007-present.

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