

Why Does Gold Have to be so Barbaric? Where has All the Gold Gone?

By [Bill Holter](#) and [Miles Franklin](#)

Theme: [Global Economy](#)

Global Research, November 21, 2014

Gold, that “barbaric relic” from yesteryear just won’t go away even though the central banks around the world would like just that. I believe it was Keynes who first coined the phrase “barbarous relic” which has stuck for more than half a century. But why does it have to be so barbaric?

Gold as you know has had a very long history, some 5,000 years or more. Wars have been fought over it, kings and queens have won or lost over it, coup de ‘tat’s have occurred because if it, entire governments have been swept because of gold ...or the lack of. Gold has been hidden, buried, swept away and stolen over the years. Maybe JM Keynes called it the “barbarous relic” because the of ugly lengths man has gone to throughout history to attain it? Yes I know, I was only kidding, he was demeaning gold and tried to tar it as useless versus our “new fangled” fiat money of the time ...

I think a little bit of history is in order. Let’s start with the “non recent” history of Europe. We saw the leadership change many times over the last 500+ years. The Dutch, Portuguese, Spanish, French and British all took a turn “at the top”. Each of these countries led the world in trade and economics for various spells. The British started (in the mid 1600’s) what is currently our fractional reserve banking system that we have today, it was however a little less “fractional” when it began. Each one of these countries at one time or another had larger hoards of gold than anyone else ...”money” and power simply flowed to the strongest economy. It can be said that this was also a “chicken or the egg” scenario where a strong economy attracted gold and high gold balances augured well for a strong economy. Gold attained by plunder was another ticket to the top. On the other side of the globe, the Japanese and Chinese were the powers with the most gold and silver attained by both trade and plunder.

So why the history lesson? Let’s fast forward to more recent times such as WWII onward. Did you know that Germany by middle to the end of the war could not pay for any trade goods except by using gold because their paper was suspect, gold was their only acceptable currency? Did you know the Soviet Union was selling gold bars with the “Czar’s stamp” on it in 1989? As a side note, when I heard of this I knew the end was near. The USSR was selling 89% pure gold bars into a 99.99% market, it was accepted and of course discounted but this wasn’t the point. If they had any “good delivery” gold they would have sold that instead because selling the “dregs” was like laying their cards on the table. They were demonstrably selling from the bottom of the barrel. I mention this because back in 2011 and ’12 we were hearing stories of 90% gold hitting the market which had the “fingerprint” of coin melt from the 1930’s. Was this the bottom of OUR barrel?

Let me add a few very recent events. [We found out yesterday that Ukraine no longer has](#)

[any gold left.](#)

Where did this gold go to? It is speculated the gold was “flown out” (to the U.S.?).

There are also questions as to what happened to Libya’s gold after we bombed them back to the stone ages and dethroned Qadaffi.

Same questions regarding Iraq and their gold.

Do you see a pattern here? In the case of Saddam Hussein and Qadaffi, they both made rumblings of going to gold or silver backed currencies and presto ...they are gone and so is their gold? Now, ISIS is talking about going to a gold backed dinar, who do we dethrone and where is their gold? There is one more “recent” event regarding gold.

Germany asked to repatriate her gold in 2013 and doesn’t seem to be getting much of it.

Only 5 tons last year of a scheduled 37. As a funny side note, if Ukraine lost 40+tons of gold ...and Mr. Putin bought 55 tons over the last quarter ...might some (all?) of this gold have simply come to rest a little bit further to the northeast. What is even funnier in my mind is that Mr. Putin may have bought exactly what once was Ukrainian gold and paid for it in dollars, did he not give the West something they can create freely for stolen goods of value. So in essence, Mr. Putin may have sent the US some of their dollars back for what may have been Soviet gold in the first place? Sorry, I had to put that in here because it strikes me as so ironic!

To finish, let me try to tie some of this together. Even though gold is supposedly “barbaric”, the U.S. guards it diligently (so to speak) in Ft. Knox, West Point and NYC. We “say” we have it and to this point no one other than the Germans have asked for any of their custodian held gold.

No audits have been done in 60 years, not even Congressmen have been allowed to see it since the 1970’s. In many cases since WWII, gold has turned up missing after “we fixed things” and despotic rulers were ousted. If gold is so barbaric, how come it keeps turning up as “lost”? If it is really so barbaric then why do the Chinese (Asians in general) want it so badly? Why so much secrecy? Is there something to hide? The answer of course is “yes” there is something to hide. Even IF we do have the barbaric gold we say we do, we are still broke and bankrupt. If we don’t then we are more broke, more bankrupt and ...do not have the capital (even marked up many fold) to begin repairing, recovering and picking up the pieces.

I’ll add these thoughts which I believe are worth pondering on. “Gold is only barbaric if you don’t have any”... which means barbaric acts are taken to either hide this fact or to attain some. For something that is so barbaric and “meaningless”, governments around the world sure go to great lengths to guard what gold they do have and to keep secret anything and everything they are doing in this particular money market!

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[Miles Franklin](#)

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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