Gold Sales 'Persons' of the Year

Brandon White. November 2021.

Before we get into central bank digital currencies, we need to remember that central banks are a dream for gold investors. So are the heads of their respective government treasury departments, beholden to the political and financial will of those attempting to hang on to the status quo. The other central banks, and their government figureheads, should also be given their due credit. They have all lost sight of the plot. I wish them well, for the inevitable monetary transition away from the US dollar's supremacy will be difficult for most.

Central banks are increasingly pushing for a digital form of money issued by them. They seem almost frantic in their attempt to update a system that should never have been born in the first place. The harder they resist the use of gold as the base form of money, the more desperate they appear to keep their game alive.

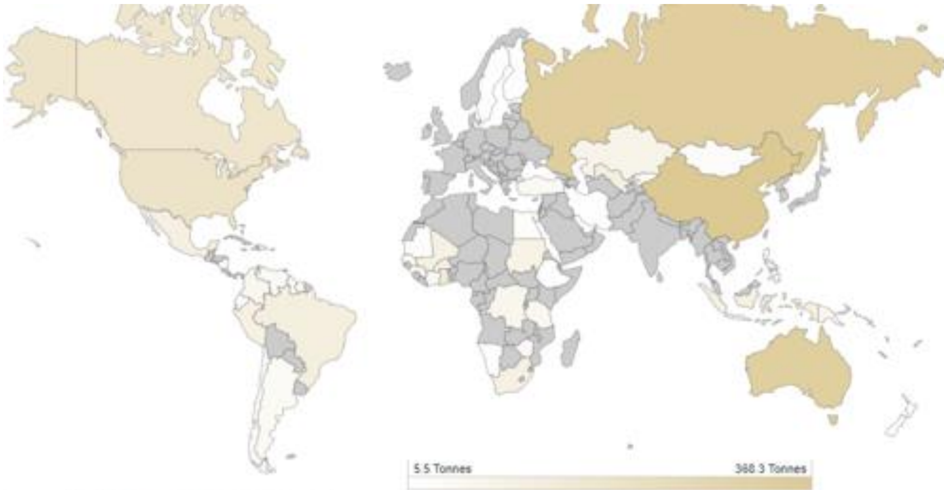
The world as we have known it for the last 40 years hangs by a thread. For now, central banks and their appointed 'agents' are simply buying themselves – and us, the gold-buying investor – more time to get ready for the inevitable 'big change'. Meanwhile, the vast majority of the population continues to remain completely and willfully ignorant, in denial to the changing world around them. These people are sleepwalking through the greatest threat – and the greatest opportunity – of their lives. No amount of evidence or persuasion will convince them to shift their perspective until it is too late. After the 'big change', they will likely just want someone to blame. Average investors did not create this environment. It is not of our doing, nor do any of us really want what is coming. That doesn't mean we have to sit still and let it eat us.

So, who do we look to in order to get some idea of what to do?

We simply need to look to who is buying gold and other real, hard assets – and understand how little money is represented by non-financial investments.

Who is doing the buying? The top buyers of gold are central banks. They have accumulated 5,000 metric tonnes since the last financial crisis. This is roughly the equivalent of all gold produced globally over a two-year period. Since we can see that central banks aren't selling any gold, we can only deduce that central banks are acquiring this gold on the open market, competing with all of the other physical gold markets around the world. New gold supply only amounts to a ~2% annual increase in global inventories. 43% of all gold demand winds up as jewellery. The number one gold producing country in the world (China) does not permit gold to leave the country. China and India represent 20% of total global gold demand.

Annual Gold Production by Country

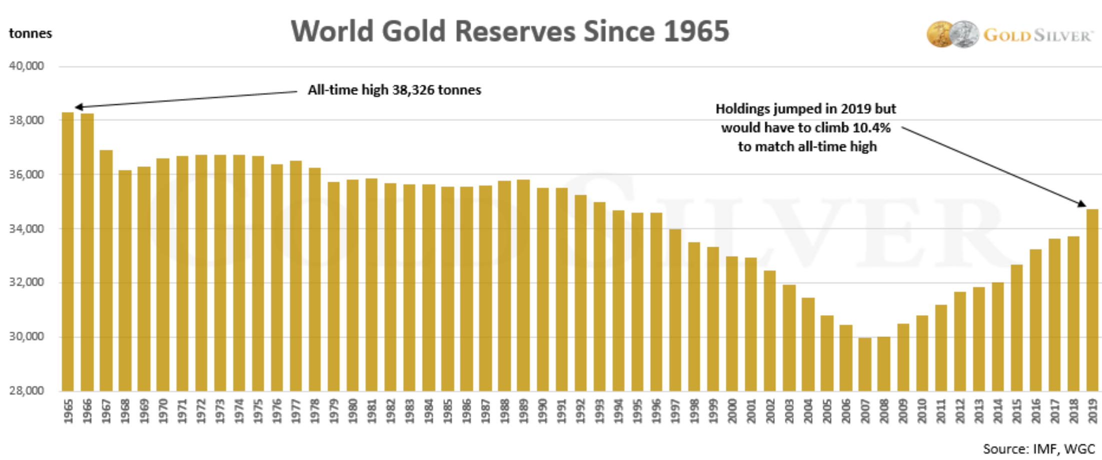


Country	Tonnes
China	368.3
Russian Federation	331.1
Australia	327.8
United States	190.2
Canada	170.6
Ghana	138.7
Brazil	107.0
Uzbekistan	101.6
Mexico	101.6
Indonesia	100.9
South Africa	99.2
Peru	97.8
Mali	93.8

Source: Metals Focus; World Gold Council
Data as of 15 June 2021

Source: World Gold Council, Goldprice.org

Nations, like you and I, looking to protect themselves against Washington's edicts, are accumulating monetary gold at a rate not seen since the world rushed to turn in USD for gold (as per the terms of the Bretton Woods Agreement) prior to America's technical default in August of 1971. Make no mistake, it was a default. A global betrayal that the world will address, in time. That retribution will be swift and fierce.



It is not just gold bullion that is being acquired to stave off any attempt by Washington to maintain its hegemony. Savvy investors, heroic explorers, informed portfolio managers, and even opportunistic gold derivatives manufacturers, are all capitalizing on something very few people seem to understand:

The US dollar is doomed as the primary reserve settlement currency.

> *"Pride goeth before destruction – and a haughty spirit before a fall."*
>
> Egyptian proverb

The most unsuspecting victims of the coming transition are Americans themselves. At even the highest levels of American society, and perhaps especially at that economic stratosphere, the mere mention of the loss of American dollar supremacy is heresy. What the loss of US dollar hegemony means to the average American citizen is frightening to consider. For mid and lower income households, it will be devastating. The haughty spirit, false pride, and recency bias mirrors the same establishment consensus found at the end of every civilization since time immemorial.

What is the single greatest thing that will bring down the 'King Dollar'?

Is it 'Large Scale Asset Purchases
(i.e., quantitative easing (QE)/money printing)? Nope.

Is it inflation? Nope.

Is it Europe buying oil and gas in Euros? Nope.

Is it the OPEC nations defaulting on their commitment to convert oils profits into US Treasuries? Nope.

Is it the current US administration? Nope.

Is it a cultural shift away from Classical Liberal values? Nope, but we are getting closer.

Is it a failure of trust in the USD? Now we are getting somewhere. The answer there is yes… and nope. Trust will fail, but it will not be enough. A solution must be presented. That solution is, get ready for it…

A central bank issued digital currency!

You thought I was going to say 'Gold', didn't you? Of course, that will be the right solution – in time. Just not yet.

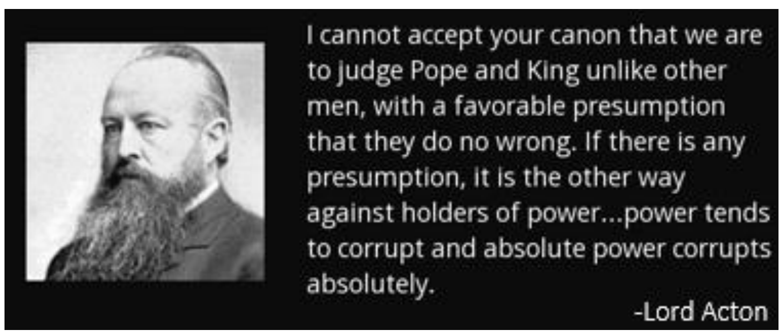
Hear me out, please.

We will get back to some sort of a gold standard eventually, but there is one more monetary experiment that will likely be tried first. Let me warn you, if you are disgusted by the current system, then you will positively hate the next one even more. Central banks will laud their new digital currencies as the solution to our current economic environment. They will use language that obscures the fact that these currencies will only hurt our personal economic freedom. These currencies will make it easier for governments to see everything we purchase and be able to aggregate the best areas to target for increased taxation. Central bank issued digital currencies (CBDC) would provide a windfall of information on everyone's activities and would stand in direct contrast to any notion of privacy. The only people who would win from these CBDCs are governments and tax authorities.

Fortunately, it will be very hard to convince the banks that it is something they would want. Banks rake in billions of dollars facilitating transactions by skimming a little from each trade. They will not want to lose that business through a centralized system that cuts them out of the loop. I expect that it won't just be freedom-minded people who will kill CBDCs, but banking lobbyists seeking to maintain their control over this service. Until the central banks concede and make gold the underlying asset defining the value of the future money, and ensure the big banks maintain their profit centres, these central banks run the risk of a complete rejection of private central banking.

Central banks fear one thing above all else. They fear a loss in faith of the entire idea of private central banking. It terrifies them. It should. We don't need them. They know that. The thing that they fear next is a rigidity that prevents them from the flexibility required to adjust the monetary stock to reflect the cyclical changes in the market. In other words, they want to manage the reserves needed for global trade settlement but also have the flexibility to increase, or decrease, (i.e., 'play') with the money supply to keep things from seizing up. Without 'liquidity' (a fancy word for 'flexibility'), global trade would cease unless a non-central bank solution was available, such as gold or crypto currencies (which as we all know are imperfect, yet perfectly viable). Central banks will not readily accept a truly independent form of global trade settlement outside of their jurisdiction, even though they know it would work just as well (in fact, even better!) than their convoluted and duplicitous efforts to support insolvent and reckless governments who pander to multinational corporations and a largely economically ignorant population. Ending the central bank's monetary charade would be a boon for freedom-loving people around the world. They will fight it tooth and nail.

It is very rare for those with power to willingly relinquish it. Here is what Lord Acton had to say on the matter:



The USD has been artificially propped up since its detachment from real money (i.e., gold and silver) when the Nixon administration caved to the money powers and defaulted on its Bretton Woods promise. It was a sad day, and few who were alive at the time even appreciated the significance of that announcement in August 1971. Ten years of high inflation, a floating gold price and the subsequent double-digit interest rates in 1981 decimated the savings of those who had based their understanding of things on the previous forty years of investing. The same thing will happen to those who base their retirement plans on the similarly delusional thinking of the last forty years. That little window of time – the 1980s until today – is not commensurate with the last 40 centuries. It is utterly reprehensible what has happened to how we value real assets. Just weights are a delight. False weights are an abomination. What we call 'money' today has been *'twisted by knaves to make a trap for fools'*, as Rudyard Kipling would most surely agree.

The so-called monetary rulers of our day, and the government representatives we elect, seem to have no concept of history, human behaviour or consequences. We shall see how this plays out. My guess, as uncomfortable as it may be for some, is that 'they' will get it wrong, as they always have. The people will resist. Then they will get angry. The people may go quiet for a period but they will never willingly accept overt subjugation. History says that they will remain quiet until THE STATE simply exhausts its resources, as it always does. The Soviet Union is all the evidence you need to know where this is going.

Gresham's Law

An artificially overvalued money tends to drive an artificially undervalued money out of circulation.

Sometimes inaccurately stated as "bad money drives out good".

Applies when government sets exchange rates between monies.

In conclusion, world governments and their treasury departments, central banks and their monetary policy 'experts', multi-national corporations, chartered banks, and others dependent on the current system will continue to demand that the status quo remain supported. The primary mechanism now is simple currency debasement and the subsequent increase in inflation that always comes with this 'solution'. If a nation could print its way to prosperity, then Zimbabwe be the richest nation on earth. That hasn't worked well for the Zimbabweans. And it will not end well for America either. It will be particularly awful for low- and middle-class Americans and anyone who has a large exposure to US dollars or US Treasuries.

We should be thanking Powell, Yellen and others of their ilk, for the buying opportunity of a lifetime. You and I, and central banks around the world, are literally in a race to acquire as much exposure to gold as we can until the status quo is no more. Those who have never experienced any real hardship in life will remain oblivious to the threat staring them in the face. Their denial is not likely to be broken until it is completely and utterly shattered. There is little we can do to help them at this point. You, however, already know that there is little time left.

We cannot help those who will not help themselves. These people will never accept gold as money until they have no choice. The time to help yourself is now. You can tell those people, *"I told you so"* later. Meanwhile, you can continue to grow your exposure to gold through the various means available (physical, mining stocks, exploration companies, funds and other proxies) and watch the show unfold.

Just do not forget your popcorn. This show will be fun to watch from the gold seats.

Disclaimer: The views expressed in this article are the authors' own and do not necessarily reflect Good Mining Exploration Inc.'s editorial policy, official position or stakeholder's viewpoint.

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