

POLITICAL ECONOMY

RADICAL SOLUTIONS

Could President Obama ban U.S citizens from holding gold?

Back in 1933, at a time of economic crisis, President Roosevelt forced U.S. Citizens to sell their gold at \$20 an ounce - and then subsequently revalued the metal to \$35. Could President Obama, a Roosevelt disciple, have similar plans in mind.

Author: Lawrence Williams

Posted: Wednesday , 20 May 2009

LONDON -

Whether one believes in the GATA premise that the gold price is being held down by a gigantic conspiracy between the World's Central Banks, Governments and some major banking institutions or not, there is little doubt that governmental-initiated currency manipulation does occur, and if one looks at gold as money then it is logical that some degree of manipulation here also takes place at Central Bank level. Whether one can call this a global conspiracy, or part of the general process of stabilising currencies and exchange rates, depends perhaps on which side of the fence you are sitting. In a way this is similar to the terrorist/freedom fighter debate!

But, history does tell us that the US government, in the days of a fixed gold price, did intervene in a very direct manner with President F.D. Roosevelt banning the "hoarding of gold coin, gold bullion, and gold certificates" and thus forcing US citizens to sell to Federal Reserve at \$20 an ounce. Subsequently the Fed raised the price of gold to \$35 an ounce.

President Obama is known to be a Roosevelt disciple and he must be well aware of what was done at the time, given the parallels of the U.S economy between the present time and the 1930s. There must be a temptation to try the same tactic, and then raise the gold price dramatically in a move which would certainly support reserves within those nations which still have major gold holdings.

Indeed, if monetary authorities worldwide sees the gold price really start to take off, this kind of process has to become even more of a temptation as a big global move into gold could exacerbate the global financial crisis in that it would show that people no longer have faith in the economic status quo (it can be argued that already they don't) and the the current crisis of confidence could be severely worsened by such a rush.

In an article published late last year, Mark Mahaffey of Hinde Capital, argued that such a possibility existed and pointed out that "the fear for anyone who is in credit is that the financial system could become geared towards negating debt which, in turn, would destroy the value of their assets. One way of bypassing this threat is to buy gold. However a general shift to gold would undermine the power of central banks and their influence on the economy."

Of course the monetary situation nowadays is completely different and the banning of gold holdings, and subsequent revaluation would be much harder to accomplish domestically - and even more so globally. Back in 1933 the dollar was on the gold standard which meant that, in theory at least, each dollar could be exchanged for the same value in gold. Nowadays all currencies are effectively fiat money with no solid backing (except perhaps of a fiat dollar), and to revert to a gold standard would require an upward revaluation of the gold price beyond belief.

But, there is a precedent out there and while we think the idea is unlikely, it might appeal to someone who is prepared to try radical means to stabilise the economy if all other measures fail.

And - consider this thought - are shortages of gold coins from national mints due to a total underestimation of demand, or part of government policies to control gold flows into private hands. We think the former, but the conspiracy theorists no doubt have other views.

4 Gold Stocks to Buy Now

Detailed research reveals 4 gold stocks set to soar. Free report.
www.smartprofitsreport.com/gold

SHARE THIS ARTICLE



3 Currencies Set To Surge

3 Currency Trades Could Turn Every \$500 Into \$522,053 -Free Report
www.Currency-Trading-Exposed.com

Don't Buy Gold Stocks Now

Analysis of the Gold Market & Why Gold's on the Way Down. New Report
www.InvestmentU.com/Gold_Report



Disclaimer

MINEWEB is an interactive publication, with rolling deadlines through each day, commencing in the Sydney morning, and concluding, 24 hours later, in the Vancouver evening. If you believe your side of an issue deserves inclusion, but has failed to meet one of our deadlines, you are invited to notify the Editor in Chief in Johannesburg, and we will include you in our editing and expanding on our stories. Email him at alechogg@gmail.com

Print story

Email story

Subscribe to free newsletter

Related Links

ARTICLES: Unprecedented U.S. money supply to create inflation - in time. Very positive for gold. ►

OTHER PAGES: POLITICAL ECONOMY EUROPE AND MIDDLE EAST

◀ Back

16 responses to this article

GOLD CONFISCATION

HMMM I HAVE THE EXECUTIVE ORDER RIGHT HERE IN MY HANDS. LET'S SEE THEY DIDN'T CONFISCATE ANY RARE GOLD COINS ALL WERE DEEMED COLLECTIBLE. THEY DIDN'T CONFISCATE ANY GOLD UNDER A \$100. THE ORDER STATES THEY WERE AFTER THE GOLD CERTIFICATE'S NOT THE . . .more

