

Jim Rogers on Gold, Silver and Manipulation: Part II

This is the second part of a conversation I was privileged enough to have with the great Mr. Jim Rogers. Part one can be found here http://www.preciousmetalstockreview.com/s_9.asp if you missed it.

WB I don't know if you are aware but there is a concerted effort right now to take delivery of futures contracts because a lot of people believe that the price is being held down in the paper market they believe that if you can take 50% of the gold away from the Comex then the price will be closer to what you are paying for physical today. Do you know anything about that?

JR If you take 50% of anything away, you know take 50% of IBM away the prices are going to go up. So the answer is yes, it's correct. I don't know anything about it though.

WB If you look at the number of contracts compared to the actual Comex stock of gold there is a huge difference there. I don't know the numbers right off hand but it just seems like a paper game rather than a physical game.

JR But that has always been the case the number of wheat contracts is always much greater than there is in reserve the inventories. I mean there is nothing new about that. But again if somebody removes 50% of gold from the market, or 50% of anything from the market it's going to have an effect on the price.

A guy who does it, has his own situation. He's got to come up with a place to store it, insure it and everything else. And if and when he comes back to the market he may have a huge problem because the market will be sitting there waiting for him. Again remove 50% of anything from any market, it has an effect. Burn down half the houses in Phoenix I assure you it would have an effect in the housing market in Phoenix.

WB Just one more if I may. You know as well as I do that gold has been money, true money for millennia. Do you think that is it being artificially held down by governments to make it appear that the economy is stronger than it is?

JR Well now many things have been used as money. Silver, copper, ivory, many, many, many things. In fact silver has been used through history much more than gold as a monetary medium of exchange.

Is it being artificially held down? No, I don't buy that. I know the conspiracy theorists say that but if it were true over the past thirty years there would have to have been hundreds of thousands of people who would know about it and be part of the conspiracy. Somebody would have talked by now. I mean somebody would have gone

on CNBC, or written a book, or run for office, or something. That's what's going on you would have to have that many people who would have to be involved to maintain this kind of conspiracy over thirty years.

There would have to be many countries involved, you know, tens or maybe hundreds of thousands of people by now over thirty years. It would have come out somehow. I know the conspiracy theorists say it, they don't like the fact that they've been wrong about gold for so long but in my view there is no conspiracy.

I mean for gods sake when Bill Clinton sleeps with somebody we find out about it you know maybe three people in the world know. So for thirty years to suppress the price of gold all over the world it's just, I mean, it couldn't be done. For somebody to keep that kind of secret.

WB There are quotes by Greenspan and Volcker, he said the biggest mistake he ever made was not suppressing the gold price, and it took off and amplified the recession there.

JR Well if he said the mistake was not suppressing it then it sounds like that there hasn't been a conspiracy.

WB But since then Greenspan has said a few things that I don't recall exactly right now but...

JR If you buy the conspiracy fine, I'm just telling you, you'd have to have thousands of people in Japan and Russia and India I mean tens of thousands of people all over the world. We've been going on for thirty years people have been saying this you know people, it would just take a massive, massive conspiracy that would have come out by now. Nothing that would have been that big could remain secret that long.

WB I agree it would be a huge, huge secret. But you see these scams coming out in the news almost daily now and it's

JR Well that's my point. If this had lasted thirty years with hundreds of thousands of people, you know somebody would have, the scam would have come out. You're making my point better than I am. Yes, now we have all these scams coming out with just a few people involved and it's coming out. This would have been hundreds of thousands of people over thirty years and it's just not, it's just not the way the world works.

Many countries have had major government changes in that time. You know the people who were part of it in the previous governments would have come out and discredited the old, or the new government. So no, no that's insane.

WB Well as Bill Clinton said, I didn't realize I wouldn't be in charge when I became president. The presidents come and go but it seems like the corporations or whoever, there is always someone behind the scenes .

JR Ok, I think they are about to have a lion dance here so I must hang up.

WB Ok, well thank you, thank you so much for your time.

Here is my follow up email;

Mr. Rogers, first thank you for taking my call on Monday February 2nd 2009. I apologize for catching you in the middle of a festival and the chinese new year celebrations. I remember first moving to Taiwan during the Chinese New Year and being amazed at the celebrations. That and all the street food are the things I miss most about Asia.

I am just a small town guy originally from PEI, one of the places on this great earth I don't think you have been. I don't mean any disrespect now or in our short conversation the other day.

I am just trying to get your thoughts on gold and silver and present some information which may convince you that prices have been suppressed in the past. You referred to Madoff, that scandal has run ten years longer than the current gold suppression scheme, which is a much more sensitive issue that is why we haven't heard about it in the mainstream yet. As with Enron, Madoff etc you NEVER hear of it until it blows. That will be what happens with gold.

I could go on about the non disclosure of TARP funds, rigging of government figures from CPI to the cancellation of M3. But I won't. The simple fact is that government does everything in their power to dumb down americans and feed them manipulated lies to a large degree. Just look at just about any paper, or watch a US news program. Paris Hilton or the like are usually the front page, leaving the most important facts to fight for a small spot in the back pages.

I would like you to understand this, and more importantly profit from it by increasing your stake in gold, but in my analysis silver is a much better deal. I am sure you are familiar with the gold to dow ratio which should approach 1:1 in the future again. That makes gold an excellent buy today. Consider that and then the gold to silver ratio is very far out of whack at about 69:1 today, lower than the recent peak of 90:1. I won't go into the many other reasons to keep this short. But we have had 5 days in a row of falling gold to silver ratios and last time six days in a row was hit sparked the last major up leg in gold. If Monday we get that we may head much higher over \$1,200 for sure.

There is something going on in gold, the Comex stocks have hardly changed since December and demand and deliveries have been substantial. Also the ETF's have added over \$3 billion just this January. I don't know where they get their gold but

certainly not the Comex. I saw your recent interview at a conference where you said you would use leverage if something really good popped up. I think gold and silver are where YOU can make a huge amount of money. You know what is happening in our world economies today much better than most and that understanding must lead to gold and silver. I know you are big on supply and demand as am I. The fundamentals of gold and silver are sky high right now. Look even at all the private money going into gold companies lately, that is one of the few places private money is willingly going today.

When we spoke I mentioned the UN crime chief telling about banks receiving drug money, here is the link to the story. <http://www.reuters.com/article/marketsNews/idUSLP65079620090125>

Also I asked you about but worded it wrongly about the potential Federal Reserve Gold Certificate Ratio. This would work so the amount of money that could be printed would be limited to the ratio set, in relation to the amount of gold held.

If you are so inclined there are some great reports even by Credit Suisse which outline the suppression scheme in gold mainly. You can find them on the GATA website or it would be my pleasure to forward them to you. I have included my newsletter from this week if you please, the fundamentals section would be the most relevant to you if you are so inclined.

Anyhow, sorry for rambling, all the best to your health, wealth and most importantly family.

And Mr Rogers' short reply.

I have been to PEI years ago.

I know of the conspiracy theories, but they are bunk. Madoff took only a few people to do as did Enron, etc. Your theory would have required scores of thousands of people all over the world for over 2 decades. Something would have come out by now.

As for some kind of gold backed currency, it could certainly happen some day.

I too own gold and silver.

Jim Rogers

I wish I could have talked longer with Mr. Rogers but I am happy to have had that much time with him. He is a great investor and always has my ear even if we don't always agree.

The conversation took place on February 2nd 2009 so some information is outdated.
Please keep that in mind.

Thank you for reading I hope you enjoyed our conversation.

Sincerely,

Warren Bevan

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