

Jim Rogers on Gold, Silver and Manipulation: Part I

I had the pleasure to talk with the famed investor and world traveler Mr. Jim Rogers on February 2nd, 2009 and I have finally gotten to transcribing the conversation. Unfortunately I caught him in the middle of a festival and time was short and I didn't get to ask all of my questions. This will be a two part interview.

WB You've warned in the past that the US dollar will not remain the worlds reserve currency forever. You said the Euro is the only other feasible choice today but in ten or fifteen years possibly the Renminbi could be the worlds reserve currency.

JR Well what I said was that if things happened today the Euro would replace the dollar because there is nothing else. I said that twenty years from now perhaps it might be the Renminbi because I don't expect the Euro to be around in twenty years. If it happens in ten years I don't know what would replace the dollar, but something is going to replace the dollar. I have no idea how it's going to work out but I do know throughout history currencies that have gotten themselves into this kind of trouble have always lost their status.

WB Have you read or heard about the recent story by the UN crime chief detailing how banks have been receiving drug money as well money from governments?

JR Well, I mean I have no idea, the banks are receiving all kind of money to keep them going. So I know I'm not putting money into the banks. So I don't know where their getting their money, a lot of it's coming from governments around the world. And I don't know about the rest I have not read and am not familiar with that story.

WB What are your thoughts on Geitner? He came out last week and said that mark to market accounting has caused damage.

JR Well that is a very large part of America's problem and he's been wrong for fifteen years in a row, he has never been right about anything that I can see. He was in charge of the New York Fed when he was supposed to be supervising the banks and Wall Street and he didn't have a clue what was going on then. And then when the problems erupted he started taking the action which are going to make things worse.

He is crazy if he thinks mark to market accounting is the problem or makes things worse, I mean if everyone continues to use phony books the banking system is never going to recover. If you come to me and say look, I'm worth a million dollars, and I look at your books and say wait, these are phony books I'm not going to do any business with you no matter what your phony books show.

If you come to me and say look, I've had a huge loss, I've got a problem, I'm only worth \$93,000 but this is it, this is real then chances are you and I will start doing something from a lower base but if we know the situation then we can move forward. If you give me phony books, and say let's move forward, it's not going to work with anyone, maybe with Mr. Geitner, but not with anybody else.

WB What do you think about the uptick rule? Should it be reinstated?

JR Well I don't think so, but if they do, it's not the end of the world. Short sellers are not what's caused these problems. I mean Fannie Mae didn't collapse because of short sellers. Bear Sterns and Lehman Brothers didn't collapse because of short sellers, look at their balance sheets you'll see why they collapsed. Short sellers are just the messenger they're not the problem.

WB I agree, that's not what brought these institutions down, it would maybe have slowed things down if the uptick rule was there, but that's about it.

JR It just unjust, they don't have a down tick rule. No rule that says you can only buy on a down tick, and my god every day people on TV and in the press promoting stocks and promoting all sorts of things trying to hunt for people to buy them there is nothing to protect the poor people who believe that stuff.

So no I think it's a waste of time but if they want to do it, it's not going to be the end of the world.

WB Right. What are your thoughts on investing in gold and silver ETF's or ETC's or even pool accounts rather than the physical?

JR Everyone has to make their own decision I use physical and I use many things like futures when I've gone in the past but everyone has to make their own decisions.

WB What do you think about the disparity between futures prices and if you want to go and buy a coin. You go and try to buy a coin of gold and your lucky to pay \$1,000 today, silver your lucky if you can get it for \$18 \$19 dollars american but you see the Comex price is \$12.04, I think it was today.

JR Well I don't know why anybody would pay that kind of premium. What happened was all the dealers went and bought huge silver supplies back when silver was at \$20 and now their stuck and they don't want to take a loss and so they are telling people they don't have coins.

I promise you sir if you offer \$25 for silver coins you'd get all you wanted. There is no shortage. It's just that the shortage is because the dealers bought huge inventories that they don't want to sell at a loss. So I think it's happening, dealers are just refusing to buy them.

They're there, I don't think we are running out of silver coins my god, there are millions and millions of silver coins, it's the dealers are stuck. And to some extent the same is with gold as well.

I promise you, call up and offer \$1,100 for gold coins, you'll get all you want.

WB I understand that, that makes a lot of sense. What do you think about all the base metals mines closing? Do you think silver, as a byproduct of all these base metals, do you think that will cause any trouble in the future?

JR The only exception that I know of in the world that has an improving fundamental are commodities. Nobody's going to open a mine of any kind probably for another decade or so, and it takes ten years to open a mine. Nobody will be able to get any money for a long time, in the meantime the reserves of all the mines in the world continue to decline. I am sure some are closing. But the ones that are open are still producing so you have declining reserves of oil, metals, agriculture everything so all the things that are going on are improving the fundamentals for commodities.

I know nothing else where the fundamentals are improving because of what's going on.

WB There have been quite a few gold companies raising capital actually, one of the few industries that are able to raise cash right now. There are a few gold mines opening because the price has held up and they can actually make money. Their costs are going down recently, so that's a good thing.

JR If you own gold it's not a good thing. If they are opening it means even more supply coming. But it's my understanding that most of these mines are pretty small potatoes, I shouldn't really say that because I don't really know. But it's not good for gold if mines continue to open. It is good for zinc that mines are closing and that other mines are not opening.

The second part will be out on Thursday so please stay tuned. If you would like to receive it directly in your inbox please sign up free for any articles and our free weekly gold and silver focused newsletter at www.preciousmetalstockreview.com or send an email to postmaster@preciousmetalstockreview.com with "subscribe" as the subject.

Thank you for reading.

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