

Gold and the CIA go back a long time

Question

Is the CIA involved with the world gold market?

About the CIA (1)

The Central Intelligence Agency (CIA) was established by the National Security Act of 1947 as an independent agency under the direction of the National Security Council. Its principal mission was to "correlate and evaluate intelligence (from around the world) relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government."

One of the main objectives in creating the CIA was to prevent a repeat of the Pearl Harbor intelligence failure where bits of information that might have provided warning of the Japanese attack were not woven together as they should have been. The National Security Act permitted departments and agencies to continue to collect and disseminate "departmental" intelligence, but CIA was given the responsibility for coordinating and evaluating all intelligence relevant to more than one department of agency.

Unlike the Federal Bureau of Intelligence (FBI), which is a domestic security service, the CIA has no law enforcement function and is mainly focussed on overseas intelligence gathering, with only limited domestic intelligence collection.

The involvement of the CIA with the world gold market emerges clearly out of recent declassified documents. The first document we describe is the most important. This document makes the connection between losing influence in world affairs and the price of gold. The information of the CIA about the world gold market seems to be mostly on a strategic level, like

- lose influence world affairs and gold
- controlled sell and buy official gold
- controlled sell South Africa production
- analyze violations Washington Agreement
- approach to report virtually unchanged gold reserve by sell of official gold
- analyze gold price movements and manipulation thereof
- positioning London as focal point of the world gold market
- research regarding (future) gold production and financial position of a country

Declassified secret memorandum CIA dated 1968-04-12 Re International Monetary Problems

...CIA...US lose influence in world affairs whenever...vulnerability to confidence crises...gold is a basic problem...

In this memorandum is literally mentioned:

"We (writer: The US) lose influence in world affairs whenever:

- The dollar is weak in exchange markets;
- There is a major outflow of gold; and/or
- We are obligated to pressure countries into holding dollars or giving us payments assistance.

Small payments deficits permit us (writer: The US) greater freedom to act. But our position can also be improved by action on the international monetary system itself to:

- Decrease vulnerability to confidence crises;
- Increase world monetary reserves (liquidity); and
- Improve tools for adjusting payments surpluses and deficits.

Vulnerability to Confidence Crises

Gold is a basic problem. Whenever the price of gold in private markets rises significantly above \$ 35 (writer: 1968) an ounce there can be pressure on foreign central banks to replace dollars and sterling with gold. They worry that the US will not be able to meet the demand for converting dollars into gold and either suspend conversion or revalue gold, thus penalizing those who hold a large part of their reserves in foreign exchange rather than gold.

With \$ 33 billion of foreign dollar holdings (\$ 16 billion in official hands) and only \$ 10 billion of gold in the US reserve, the risk is clear (writer: 1968).

To contain these pressures our strategy is:

- To isolate official from private gold markets by obtaining a pledge from central banks that they will neither buy or sell gold except to each other;
- To bring South Africa to sell its current production of gold in the private market, and thus keep the private price down."

Declassified secret memorandum CIA dated 1970-02-xx Re The World Gold Market In 1969 And Prospects For 1970

...CIA...gold sales in violation with IMF regulations ...report virtually unchanged...

"This memorandum, one of a series begun shortly after the two-tier gold market was established in March 1968, reviews and updated developments in both the official and private tiers of the world gold market through January 1970.

... Official sales (writer: of the South Africa gold sales) of about \$ 345 million (writer: at official price \$ 35 an ounce) included \$ 160 million disposed of in accordance with the IMF regulations and approximately \$ 185 million in violation of the Washington Agreement of March 1968.

...In the Official Market for Gold.....In December 1969 Spain sold \$ 200 million under a six-month forward contract to the Bank of International Settlements (BIS) and the BIS sold the same amount spot to the US. This somewhat roundabout method of completing the transaction enabled Spain to acquire the foreign exchange immediately and also to report yearend gold reserve virtually unchanged."

Declassified secret memorandum CIA dated 1970-08-xx Re The World Gold Market: A Semiannual Review

...CIA...Swiss bullion dealers in excellent position to influence the London free market fixing...

In this review is literally mentioned:

"Manipulation of the free market price is suggested by the extremely narrow price range that prevailed for seven consecutive weeks. During this period, more than 85% of all morning and afternoon fixings fell within the \$ 34.7 to \$ 35.01 range, with nearly 40% of all quotations set at exactly \$ 35.00. More-over, Swiss bullion dealers are in an excellent position to influence the London free market fixing."

Declassified secret memorandum CIA dated 1970-10-xx
Re Recent Trends In The Free Gold Market

...CIA...UBS again manipulating the gold markets...restore London focal point gold market...

In this report the CIA tries to analyze the jump (\$ 3 per ounce) of the gold price on the world's free market in October 1970. The CIA concluded on this matter literally as follows:

"In the absence of any monetary crises there seems to be no obvious explanation for the recent substantial price increases for gold. There is, however, strong circumstantial evidence that Zurich bullion dealers, under the leadership of the Union Bank of Switzerland (writer: UBS), are again manipulating the gold markets. London bullion dealers had hoped that the 1969 "December Agreement" between the International Monetary Fund (IMF) and South Africa would restore London to its former position as the focal point of the world gold market. It has not."

Declassified top secret research paper CIA dated 1987-05-xx
Re USSR: Gold Production and Sales Potential

...CIA...expects USSR increase gold sales...without reducing its gold reserve...

This is a research paper regarding an in depth analysis of the Soviet gold production. In 1987 the Soviet gold production was one-fifth of the world's annual output. The CIA literally " expects Soviet gold production to continue to grow slowly through the early 1990s, enabling Moscow to increase gold sales for hard currency without substantially reducing its gold reserve. Rising gold sales, however, probably will not offset the effect of continued low oil world oil prices on Moscow's hard currency earning capacity".

Notes of the writer

In our paper dated 20 July, 2015 we concluded that JPM in cooperation with the BIS controls the dollar gold price through interventions on the development of the dollar gold price. Overall the conclusion was that there is no free market for gold.

In our paper dated 7 October, 2015 we explained that JPM and the BIS are operating agents for the BIS network to maintain the confidence in the dollar and therefore manipulate the dollar gold price.

The BIS network is the successor of the Gold Pool. The Gold Pool provided for central banks of surplus countries with large foreign exchange reserves to share the burden of interventions in the London gold market in order to keep price fluctuations within a reasonable range. The BIS network determines the intervention zone for the dollar gold price for their operating agents.

In our paper dated 9 October, 2015 we wrote about the striking testimony of Alan Greenspan (former Chairman Federal Reserve from 1987 to 2006) on 24 July, 1998 over the regulation of OTC derivatives. According to Greenspan is cornering and manipulation of the gold market possible.

In our paper dated 29 November, 2015 we wrote about the fifth objective of Central Bank cooperation being the joint effort of Central Banks to influence the price of gold and foreign exchange.

In our paper dated 23 September, 2016 we explained the setting and the importance of the Spot price of gold. The Spot price of gold is the basis for many transactions in gold. Actually it is a quotation made by so-called (thirteen) Market Makers (commercial banks) and based upon their trading activity in the hardly regulated OTC-market.

(1) Commission Congress March 1996