



## Even Hillary Can't Stop These "Windfall" Profits

The gov't may not like it... but a little-known refinery in New Mexico will be raking in the dough with as many as 150,000 barrels of crude it plans to refine per day. Its whopping \$2.24 billion a year profit potential is all thanks to a 'glitch' in the price of oil. Secretary of State Clinton recently said, "We are leaving no stone unturned" when it comes to "fixing" this glitch. Yet neither its Big Oil competitors nor the U.S. government can do a thing about... except watch as this company cleans up. [Full report here.](#)



# Gold Price Conspiracy: What Uncle Sam Doesn't Want You To Know

by Peter Krauth, Global Resources Specialist, *Money Morning*

Is it really so preposterous to believe the United States and Europe would conspire to keep pole position in the global financial system?

I don't think so - and neither does China.

That much was revealed in a diplomatic cable recently uncovered by Wikileaks.

According to the 2009 cable from the U.S. embassy, China believes the United States and Europe have, as a matter of policy, suppressed the price of gold to discourage its use as a reserve currency.

And there's a pretty compelling case to be made for a gold price conspiracy.

## The Gold Price Conspiracy

The cable summarized several commentaries in Chinese news media sources on April 28, 2009.

"The U.S. and Europe have always suppressed the rising price of gold," it reads. "They intend to weaken gold's function as an international reserve currency. They don't want to see other countries turning to gold reserves instead of the U.S. dollar or Euro. Therefore, suppressing the price of gold is very beneficial for the U.S. in maintaining the U.S. dollar's role as the international reserve currency."

According to the cable, China believes that by building its gold reserves, it can not only safeguard itself against the declining value of the dollar, but encourage central banks around the world to expand their gold purchases, as well.

“China’s increased gold reserves will thus act as a model and lead other countries towards reserving more gold,” the cable said. “Large gold reserves are also beneficial in promoting the internationalization of the RMB [renminbi – China’s currency].”

Now, if all we had were the Chinese claiming the U.S. and Europe were suppressing gold prices, it would be easy to disregard as superficial propaganda.

But in fact, there’s evidence that supports this claim. (And is it any wonder with the dollar crashing through the floor? Don’t believe me? Take a look at our latest research on the dollar and the death of the American dream [right here](#).)

In the decade between 1999 and 2009, central banks - dominated by the West - were net sellers of gold in every single year. And that’s despite the fact that gold in that time soared from \$250 an ounce to \$1,200 per ounce - a nearly 400% gain.

Then there’s the infamous “Brown Bottom.”

Between 1999 and 2002, Gordon Brown, then UK Chancellor of the Exchequer (and later Prime Minister), decided to sell nearly half of his nation’s gold reserves. At the time, just the advance notice of these substantial sales drove gold’s price down from \$282.40 an ounce to \$252.80.

Those gold sales yielded an average price of \$275 an ounce, raising a total of \$3.5 billion. Today, those 395 tons of gold would be valued more than \$19 billion.

You have to admit, it doesn’t make a whole lot of sense to sell a solid asset whose price is moving steadily higher each year - especially when the United Kingdom’s debt problem then wasn’t nearly as bad as it is today.

The answer: Because there’s a conspiracy afoot.

## **Gold Dust on The Fed’s Hands**

Here’s more damning evidence.

A U.S. District Court this year ordered the U.S. Federal Reserve to disclose to the Gold Anti-Trust Action Committee (GATA) the minutes of an April 1997 meeting of the G-10 Gold and Foreign Exchange Committee, as compiled by an official Federal Reserve Bank of New York.

And it’s a bombshell. The minutes suggest that officials from the G-10 governments and their central banks were, in fact, conspired to synchronize their policies to affect the gold market.

It turns out that U.S. policymakers aren’t just worried about preserving the dollar’s role as the world’s main currency reserve. They’re also worried about the effects higher gold prices could have on the nation’s debt burden.

The minutes include comments by a U.S. delegate identified only as “Fisher,” which is likely Peter. R. Fisher, head of open market operations and foreign exchange trading for the New York Fed.

Fisher, the minutes say, made the case that rising gold prices would increase U.S. debt.

Fisher “explained that U.S. gold belongs to the Treasury. However, the Treasury had issued gold certificates to the Reserve Banks, and so gold also appears on the Federal Reserve balance sheet,” the minutes say. “If there were to be a revaluation of gold, the certificates would also be revalued upwards; however [to prevent the Fed’s balance sheet from expanding] this would lead to sales of government securities. So the net benefit to Treasury would need to be carefully calculated, since sales of government securities would expand the public portfolio of government securities and hence also expand the Treasury’s debt-servicing burden.”


Indeed, Fisher’s remarks are an open acknowledgement that the United States has an interest in suppressing the price of gold.

So, clearly, there is a growing body of evidence that Western governments, central banks, and even some of the largest investment banks have a vested interest in subduing the price of gold. Furthermore, they’ve already acted on behalf of that interest.

But now the tide is turning. The dollar and the euro are on the ropes and emerging markets have been steadily increasing their gold purchases.

While authorities in developed countries are making it more difficult for investors to build gold holdings, China and other developing markets are doing just the opposite. They’re actually encouraging their populations to adopt physical gold and gold investments like futures and exchange-traded funds (ETFs).

So I think it’s high time the average Westerner looked to the East for cues on wealth preservation and their attitude towards gold.

To help you do just that, [here](#) is our latest report on the Big Three of investing today: Gold, The U.S. Dollar and Inflation. They’re all inextricably linked – thanks to the U.S. government, and they’re all vitally important to anyone looking to invest, retire or just get by in America today. Learn the future of all three [right here](#). 



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