

Golden Surprise: Gold-Backed Currencies Help Prevent Wars

Lecture by Ferdinand Lips, Zurich
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Ladies and Gentlemen.

I want to thank Dott. Mario Basilico for the invitation to talk to you today. It is a great pleasure. It is also a great pleasure that your meeting takes place in Capri. Best choice. Capri for me is the most beautiful place in the world.

First I had some difficulties with the title: Golden Surprise. I did not know what to do with it. Then I thought about our world, the wars, the currency wars and the gold wars. After that I had the inspiration and the solution.

If we were not in Capri with the wonderful blue sea, my talk would put you in a depressive mood. It's not the usual jokes at the beginning Americans like so much. I will paint you the true picture of the world of today. It is not the picture The New York Times, the Washington Post, Corriere della Sera or the Neue Zürcher Zeitung would be painting for you. I will give you the picture of a drama. But contrary to them I will also give you hope, if only you try to follow me for the next half an hour.

We now have wars all over the world. Foremost, there is this war in Iraq. I heard the Americans not only try to occupy Iraq but they want to stay there forever. I heard that U.S. military personnel is stationed in over 100 countries of the world. Also several thousand young Italian soldiers are in Iraq. Bad idea of Mr. Berlusconi because I know Italians do not like wars. I also know that the young American soldiers hate it to sweat in the heat of the desert and never know when a bullet hits them.

I do not know what it means but I heard the calendar of the old Maya culture ends in 2012. That's only eight years from now. After that....who knows.

According to my studies, the current financial system, I call it the non-system will have ceased to exist by then. As you know, this system is based on fraudulent fiat paper money. A giant mountain of debt has been built up. It was only possible because there was no Gold Standard to stop it.

This mountain of debt is most likely going to bury everything under its mass, unless, unless..... yes, but the end is certain: all paper money systems end in collapse. Based on the study of history there is a solution how these wars, how these crisis could be ended in a short period of time and the world could very soon be a prosperous and happy place again.

My view is that the gold standard would not only end all currency wars but also all military wars. World history proves that there is a close relationship between war and peace. It is also evident that there is a close relationship between monetary systems and ethics and morals. In the 19th century there were very few wars. It was the era of the Gold Standard.

The context

Unfortunately, it is not widely known that the 19th century was a period of prosperity and economic growth without inflation. It strikes us like a fairytale when we discover that in those days the most important currencies in the world were stable over a long period. The French franc, for example, remained solid for one hundred years. The Italian Lire was stable for 31 years. It was the era of the gold standard.

The Life Span of Currencies

French Franc	1814 – 1914	100 years
Dutch Guilder	1816 – 1914	98 years
Pound Sterling	1821 – 1914	93 years
Swiss Franc	1850 – 1936	86 years
Belgian Franc	1832 – 1914	82 years
Swedish Krona	1873 – 1931	58 years
German Mark	1875 – 1914	39 years
Italian Lira	1883 – 1914	31 years

(Source: *Pick's Currency Yearbook 1977 – 1979*)¹⁾

How the gold standard worked

The basic rule of the gold standard was a fixed amount of gold for each money, i.e., each money was defined as a specific weight of gold. Paper currencies were redeemable into gold at any time. A nation's monetary reserves consisted of only gold. On an international level, importing and exporting gold was unrestricted. All balance of payments deficits were settled in gold. (Balance of payments: the sum of all transactions between the homeland and other countries.)

In this way, gold had a disciplining influence on a national economy. It limited public spending. It provided citizens with money that maintained, and even slightly increased, its purchasing power over time and was internationally recognized. If a balance of payments deficit developed, gold automatically transferred out of the country. As a consequence, prices began to decrease. Exports became competitive again and the balance of payments reversed. If a country had a balance of payments surplus, then gold entered the country and the economy is able to expand. Upward revaluations or devaluations were unthinkable. The system maintained its stability automatically. This is one reason why politicians do not like gold. Gold forces them to balance their budget.

Stable Currencies in History

There are many examples throughout history of regents and kingdoms which used great restraint in money creation.

Ancient Greece, where coinage was first developed, is one of them. The *drachma* became de facto monetary unit of the civilized world because of the dependability of its gold content. Within its borders, cities flourished and trade abounded.

Perhaps the greatest example of a nation with sound money, however, was the Byzantine Empire. Building on the sound monetary tradition of Greece, the Emperor Constantine ordered the creation of a new gold piece called the *solidus*. For 800 years the *solidus*, also known under the name *bezant* was world money and circulated from China to Brittany, from the Baltic Sea to Ethiopia.

Byzantine laws regarding money were strict. Before being admitted to the profession of banking, the candidate had to have sponsors. Those sponsors would attest to his character, that he would not issue false coin. Violation of these rules called for cutting of a hand.

It is an amazing fact of history that the Byzantine Empire flourished as the center of world commerce for 800 years without falling into bankruptcy nor, for that matter, even into debt.

Neither the ancient nor the modern world can offer a complete parallel to this phenomenon. The prodigious stability made the *bezant* to the universal currency. By her money, Byzantium controlled both the civilized and the barbarian world. This success story had an end when Emperor Alexius Comnenus, who had gambling debt, had to devalue. 200 years later the Turks marched into a demoralized Byzantium and the whole splendour found an end.

Another outstanding example of the success of standardized gold coin was the *Gold Dinar* of the Arab Empire. At its height it spread from Bagdad to Barcelona.

The Renaissance and the prosperity of the Italian city states such as Florence, Siena, Venice and Genoa was due to the Florentine gold coin *fiorino d'oro*. Sound reliable money brought an economic boom and great prosperity to the Italian city states and many parts of Western Europe. Gold as money represented the economic

basis of the Renaissance. Culture does come with economic prosperity and not with poverty.

The Founding Fathers of the U.S. Constitution in their great wisdom declared that only gold and silver was lawful money. The Constitution prohibits both the states and the federal government from issuing fiat money. Central banks were for them a horror. All this is now ignored and considered as anachronistic.

The 19th century gold standard, the highest monetary achievement of the civilized world

The gold standard was neither conceived at a monetary conference, nor was it the brainchild of some genius. It was the result of centuries of experience. Great Britain was the architect. At the height of the gold standard at the beginning of the 20th century there were about fifty nations, all of them leading industrial nations, which participated in the gold standard. It was one big clearance community, and it worked.

In his book *Währungen am Scheideweg (Managed Money at the Crossroads – The European Experience)*²⁾, Prof. Dr. M. Palyi wrote in 1960:

“For the first time since Rome’s prime did the civilized world succeed in creating a monetary unit. The commercial and financial integration of the world was achieved without the help of a military empire or a dreamy utopia. In theory and in reality, this monetary unit was accepted and recognized as the only rational currency system. Due to the automatic mechanism and the discipline to which the monetary institutions were tied, fluctuations in the exchange rates were very limited if not altogether impossible. This was the incalculable advantage of a gold currency. Trade and industry were able to plan ahead. Especially the automatic mechanism and the “rules of decent behavior” in monetary affairs observed at the time, liberated the value of money from the impact of the governments’ whims. They stabilized it on a worldwide basis. Despite all assurances by the monetary

reformers, no reasonably equivalent replacement has been found in the meantime."

Economist Ludwig von Mises wrote in his book *Human Action*:³⁾

"The gold standard was the world standard of the age of capitalism, increasing welfare, liberty, and democracy [...]. In the eyes of the free traders its main eminence was precisely the fact that it was an international standard as required by international trade and the transactions of the international money and capital market. It was the medium of exchange by means of which Western industrialism and Western capital had borne Western civilization into the remotest parts of the earth's surface [...] and creating riches unheard of before. It accompanied the triumphal unprecedented progress of Western liberalism ready to unite all nations into a community of free nations peacefully cooperating with one another. [...] The gold standard is certainly not a perfect or ideal standard. There is no such thing as perfection in human things. But nobody is in a position to tell us how something more satisfactory could be put in place of the gold standard."

Alan Greenspan, before he sold his soul, defined the Gold Standard as guarantee for prosperity and freedom. It is the only barrier against the excesses of the welfare state with its budget deficits.

The era of the gold standard during the 19th century was the golden age of the white man and also of Japan. During this period, after Napoleon, there were only seven wars of any importance.

Post-Napoleonic Wars During the 19th Century

1855	Crimean War
1861 – 1865	American Civil War
1866	Prussian-Austrian War, Königgrätz, North-German Union
1870 – 1871	German-French War
1877 – 1878	Russian-Turkish War, Congress of Berlin
1894 – 1895	War between Japan and China

1895 – 1898	Spanish-American War
1900	2 nd Anglo-Boer War in South Africa

And furthermore: There was no terrorism of the scope we know today.

Contention

My claim is that, had the gold standard been maintained, the warring nations would have had to observe the rules of the gold standard, and, therefore, World War I would have been over in a few months. Because of the automated mechanism and the prevalent "rules of decent behavior," financing the war on credit in a Keynesian style would not have been possible. Parenthetically, except for Karl Marx, Swiss historian Jacob Burckhardt describes Keynes as one of the great destructive forces in world history.

Soon after the onset of World War I, the moment came when the world turned to monetary fraud. Political pressure to finance the war with money created out of nothing made a sane monetary structure futile and led to the ruin of currencies – and a war lasting four years. The world lay in ruins and a young, hopeful generation was lost somewhere on the battlefields.

The collapse of the international monetary system provokes the demise of the old world order

The result of World War I signified the fall of the Old World. Reading Stefan Zweig's book *Die Welt von Gestern (The World of Yesterday)* ⁴⁾, you will be able to see what the world looked like then, and how cruel it is today. Financing the war is what mainly ruined Germany, then the most thriving country. The Reichsbank financed a large part of its war effort on a short-term basis, i.e., not with long-term War Loans like the British. This fact, in addition to the Versailles Treaty and unreasonable reparation payments, led to hyperinflation, destruction of the middle class and, finally, Hitler. It set the stage for World War II. But look what these rotten socialist have made out of the German economic miracle. It is a disaster.

The monetary tragedy of the 20th century

The return to the gold standard after World War I was a *fait accompli*. But it lacked wisdom and power on the part of those in charge. In 1922, at the Conference of Genoa, the gold exchange standard was introduced.

Please note that it was not the gold standard that was reestablished, it was the gold exchange standard that was launched. This meant that, apart from gold, national banks could also use dollars and pounds, i.e., the currencies of the triumphant nations, as reserves. Suddenly, dollars and pounds were equivalent to gold. That was inflationary, because dollars and pounds were now accounted for twice: first, in the country where they were issued; and, second, in the country that held them in reserve.

Furthermore, it should have been known that paper-ticket currencies were in no way immune to loss of purchasing power. Therefore, they could not be permanent and generally valid yardsticks. Gold always keeps its value—paper currencies do not. Today, it is generally accepted that increased credit formation was the reason for the uncontrolled speculation in the real estate and stock markets during the 1920s. Their collapse paved the way for the crisis of the 1930s. The same thing can be said for the present stock market crisis. It is also due to immense credit formation over the past twenty years and lack of monetary discipline.

There is no more gold standard, the only system that ever worked. From now on the world was ruled by monetary alchemists.

Central banks, banks and the war

When the gold standard was abandoned, central banks were the last barrier to rampant money creation as long as they were able to maintain their independence. However, in the meantime we have learned from bitter experience just how ineffective these so-called keepers of stability were. An excellent example for this is the U.S. Federal Reserve in 1913. This fateful institution was founded even before the war. Since, the dollar has plummeted to less than five percent of its former value.

Central bank independence was not what it was cut out to be. Central banks became compliant pawns of governments and their constituent banks. In today's non-system, it is precisely central banks that, in conjunction with banks, make financing of wars of adventure possible by means of unlimited credit formation. According to the English economist Peter Warburton in his book "Debt and Delusion"⁵⁾, central banks are responsible for the deterioration of economic and financial policies since the beginning of the 1980s. There are no golden brakes anymore.

The Federal Reserve System

One of the most fateful and dangerous institutions that was ever set up in the field of central banking is the foundation of the Federal Reserve System. The Bank of England and the German Reichsbank were the "shining" examples. If you do not believe why the foundation of the Federal Reserve System must be considered as fateful then you should consider why the U.S. dollar has lost almost 100% of its value since this thing was set up. I also recommend you to read the book "The Creature from Jekyll Island – A Second Look at the Federal Reserve System" by G. Edward Griffin⁶⁾. Under the pretext of protecting the public from crashes in the banking system and pursue sound money policies, this institution that is neither "Federal" but very "private" is nothing else than a cartel of bankers whose objective is to protect its members against undesired competition and if there are losses, to get them paid by the taxpayer. The foundation is against the Constitution of the Founding Fathers. Presidents like Thomas Jefferson and Andrew Jackson were against a central bank.

Griffin recommends that the Federal Reserve System should be abolished because it is incapable of accomplishing its stated objectives. I recommend that all central banks should be abolished and the gold standard and sound money be reinstated.

In his book *Jenseits von Angebot und Nachfrage (The Social Crisis of Our Time)*⁷⁾ economist Wilhelm Röpke said: "One can venture the claim that governments very rarely had complete control over their currency without abusing it. In today's age of the welfare state, the probability of such an abuse is greater than ever before."

The tragic decisions of Bretton Woods in 1944

The world had not learned anything at all. At the close of World War II, it was decided to introduce the gold/dollar standard. A direct result was inflation in the 1970s.

Again, notice the subtlety. After World War I, we went from the gold standard to the gold exchange standard with dollars and pounds. After World War II, we proceeded to the gold/dollar standard. The pound had lost its previous stature in the interim, and, next to gold, the dollar remained the only valid reserve currency and, then, only because the dollar was convertible by foreign central banks into gold on demand. It was a sign of the increasing economic power of the U.S. and it was nothing less than an attack on gold.

The structure created in Bretton Woods gave Americans the appalling monopoly to settle their debt with paper-ticket-token money they had printed. De Gaulle called it an "exorbitant privilege". Nobody could have resisted such temptation.

When this structure collapsed on August 15, 1971, we moved to a system of floating exchange rates. That fully opened the floodgates for creation of money, credit, deficit spending and speculation.

I do not want to speak about other fateful foundations such the IMF or the World Bank but there is no doubt that these institutions have supported and favored World socialism.

Today's international order is a consequence

In a speech on August 7, 2002, President George W. Bush said the following: "There is no telling how many wars it will take to secure freedom in the homeland." With this comment Mr. Bush announced that there might not only be a war against Iraq, but many wars around the globe. He did not define when a war would be considered won or lost. This means that these wars may continue indefinitely. The consequences of

these wars are very clear. Trade and investment activities will suffer great damage in such an environment of insecurity.

I will now take a closer look at the question of how the U.S. will be able to pay for these wars. In principle, the U.S. is bankrupt. It has been like that since August 15, 1971. That was the day America escalated its war against gold. Not unlike a banana republic, the U.S. defaulted on its sovereign obligation to redeem dollars for gold as agreed upon in the Bretton Woods system. Theoretically, the U.S. cannot be warring at all, i.e., under the strict discipline of the gold standard it would not be possible.

Because of the nation's budget deficit, there would not be any money left to spend on an unproductive and destructive war. The U.S.'s foreign debt is enormous. Until the early 1980s, the U.S. was a creditor nation. Now it is a debtor nation, including a catastrophic balance of trade, which is running up an annual deficit of \$550 billion. And still the U.S. is conducting wars, which it is paying for with paper-ticket-token money, which basically is the equivalent of counterfeit. The Americans are creating this funny money themselves – and everybody has accepted it since 1971. Ever since then, and for the first time in history, the world has been living on a system of irredeemable fiat paper money.

So we may note that if the world were on a gold standard, the U.S. could not be conducting any wars. Why? Because then they would have to pay for them in gold. Gold, therefore, acts as a braking mechanism. Putting on the brakes has a disciplining effect.

Who, then, actually pays for these wars? The answer is simple. We all do, out of our savings and our promises of future payment, e.g., our pensions! It was no different for Kennedy's and Johnson's Vietnam War. We were all footing the bill by eventual world inflation leading to rapid devaluation of our currencies.

The 20th century and the beginning 21st century

Contrary to the 19th century, the 20th century was a century of inflation, hyperinflation, trade and currency wars, waves of speculation, military conflicts, two world wars,

hundreds if not thousands of local wars, hundreds of millions dead, annihilation of entire nations, mass migrations, economic ruin, and, finally, the decline of civilization.

Why are there wars?

Without a doubt, economic reasons weigh in as the most ponderous in any string of motivations for international conflict that ultimately lead to war. They range from primeval struggles for hunting territories, pastures, salt mines and fertile valleys, to predatory attacks and conquests of the seafaring and trading nations, all the way to modern battles for living space, sales territories and, the most important motivation of all, access to natural resources.

Internal political problems also play a major part. Often wars are started to divert attention from problems on the home front. In the Middle East, both aspects are involved: the control over oil resources and the distraction from the disastrous condition of the U.S. financial system.

Saddam Hussein was only a pretext.

These wars continue to contribute to the destruction of currencies' purchasing power. While a gold coin from the times of Alexander the Great or Julius Caesar still shines as it did then, it is the fate of the purchasing power of paper-ticket-token currencies to revert to their cost of production, and that is nil.

The Germans can tell the U.S. a thing or two about that. A total loss after World War I, another total loss after World War II, and finally admission to the European currency system, the Euro, loss of the mark and of the Bundesbank. All that happened within less than one hundred years.

Gold-as-money is a precondition for freedom

Not only is there a correlation between gold currencies and war, but also between gold currencies and freedom. U.S. Federal Reserve Board of Governors Chairman

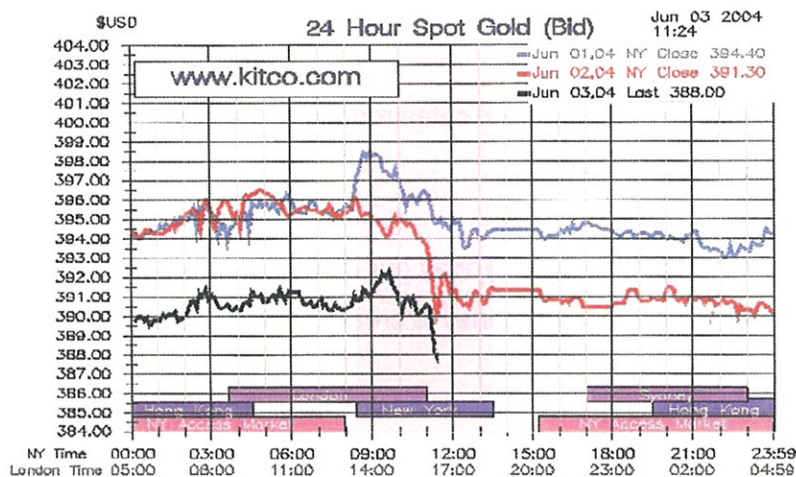
Alan Greenspan wrote a well-known essay "Gold and Economic Freedom" in 1966 attesting to this. He recently confirmed that he believes this essay is applicable today.

Once we remember that one of the first official acts transacted by Lenin, Mussolini and Hitler (and, by the way, also by Franklin D. Roosevelt) was to forbid possession of gold, we recognize the context. Even today the price of gold is manipulated and kept artificially low. Wall Street bankers and their helpers have been at it for quite some time. All in all the powers that be simply want to continue the fraudulent fiat money fiction.

These manipulations are described in my recently published book *The Gold Wars: The Battle Against Sound Money As Seen From A Swiss Perspective*. 8)

Why is the price of gold manipulated?

Gold is indeed daily manipulated by a gang of ruthless salaried financial malefactors. I do include in my speech a chart of the development of the gold price and manipulation of one day.



Normally the gold price rises in Europe and then as soon as COMEX opens is massacred down. One day more one day less. And this is done regardless of the damage caused, I mean the economic damage that is caused for the entire world.

All we have today is a fiat paper money. It is equivalent to counterfeit money. It does not offer a citizen any security. He cannot save enough money. If he does save, most of it is lost. The situation is worst for recipients of wages and pensioners. In the end he is forced into the arms of the (welfare) government, and he effectively loses his freedom. Politicians will mostly resist the reinstallation of gold-as-money. Economist Röpke was right when he wrote in his book *Internationale Ordnung - heute (International Order and Economic Integration)*: "Depoliticizing money was never as vital as in the era of modern democracy." ⁹⁾

Why is all that happening?

It is because our money and in particular the world's so-called reserve currency, the U.S. dollar is polluted. Up to the 15th of August 1971, there was never a period in history during which no currency was linked to gold. The world's history is full of examples of devaluations, coin clipping and bankruptcies. Yet it was always possible to switch to other currencies that were backed by gold. But if you disregard the Swiss franc, this was no longer possible since 1971.

All of the economic, monetary and financial catastrophes of the past 30 years can be traced back to this event.

Today money has no more gold backing. Today our money is created by the central banks and by the banking system. Our money is created out of thin air, out of nothing.

Today's system of paper money is still very young. It depends solely on the belief that the debts upon which it is based, will be repaid someday.

A single, one-off event, that could shake this belief and thus the foundation of the financial system, is a robust upsurge in the dollar price of gold.

Our non-system has made it possible that a mountain of debt could be created, the highest in the history of mankind. This enormous debt burden is the biggest threat to the future of our world economy. Why did this debt come into existence? How was it possible?

It was possible because we have lost, or better, the world has carelessly given up the discipline of gold. We know that a rising price of gold is showing us, that there is something wrong with our money. Gold, the King of the metals is the best economic barometer. That is the entire reason why the price of gold is manipulated each day. The governments don't like it. But we know from the history of the Gold Pool in the 1960s that gold cannot be manipulated endlessly.

At that time, the central banks tried to fix the price of gold at \$35.00 an ounce. On the 17th of March 1968 the Gold Pool collapsed and the entire pitiful experiment became the object of ridicule. The same thing is going to happen now, only worse. Gold is very cheap, because governments of the world tamper with its price on a daily basis. The media talks it down or ignores it.

Gold, the metal of Kings is now very, very undervalued. I expect this will change. I expect the conditions of the present bull market in gold to be more dramatic than in the 1970s. And this going to happen for many reasons.

Where do we stand today?

1. The world is in the middle of a worldwide currency and devaluation war.
2. The reserve currency of the world, the U.S. dollar is weak. The financial situation of the U.S. is alarming. Trade balance deficit of over \$550 billion, budget deficit of over \$400 billion, \$34 trillion debt, \$200 trillion in derivatives, tens of trillions debt in U.S. Government off balance sheet liabilities. (Think about it: In 1997 the world was afraid of a collapse of the world financial structure because one hedge fund LTCM with a balance sheet of \$3 billion went bust.)
3. Dramatically rising money supply world wide.

4. Stock markets are overvalued and resemble casinos. Dow Jones Index is manipulated on a daily basis by the Working Group on Financial Markets. There are no more free markets.
5. Negative interest rates.
6. Deficit between gold production and demand. 1/3 to 1/2 of Central bank loaned out. The gold is gone. Once the public discovers that gold is the only safe heaven and find out that a major part of the central bank gold is gone, there could be a panic.
7. Historically high mountain of debt. Young generation will find itself unable to service the debt.
8. Current monetary pollution catastrophe for working class and pensioners. Middle class is being destroyed. Over a billion people live in slums. Soon every third inhabitant of cities will live in slums. Hatred is growing and leading to radical actions.
9. World economy for the next ten years in Kondratieff winter. Historically humanity has managed and survived every crisis. If monetary pollution continues or increases it is doubtful whether crisis can be mastered this time without very serious shocks and loss of freedom.
10. Political confusion growing. Geopolitical situation worse than ever before. Situation in Iraq a disaster. There could be a coup d'état in Saudi-Arabia. Could lead to disastrous consequences for the world economy.

Ladies and Gentlemen,

Conclusion

Today humanity is at a crossroad. That characterizes the worldwide political and economic situation. We want to find a way out of this mess and prevent an unimaginable escalation of suffering. As a banker, I implore you to put the gold standard back on the agenda. The people understand it intuitively. The gold standard would be my solution to bridle the power frenzy of the mighty.

Paper-ticket-token or funny money is like a drug addiction. It takes more and more of the drug to satisfy the addiction. Collapse is the final result. There is no indication today that this experiment with the equivalent of counterfeit money will end any better than earlier, similar experiments.

Due to the U.S.'s economic power, paper-ticket-token money has already lasted longer than one might expect. Allow me to conclude with a quotation from a speech given in Washington D.C. in 1948 by Congressman Howard Buffett from Nebraska, father of the most successful investor of all times, Warren Buffett. The address was entitled "Human Freedom Rests on Gold Redeemable Money":

"Our finances will never be brought into order until Congress is compelled to do so. Making our money redeemable in gold will create this compulsion. [...] The paper money disease has been a pleasant habit thus far and will not be dropped voluntarily any more than a dope user will without a struggle give up narcotics. But in each case the end of the road is not a desirable prospect.[...] I can find no evidence to support a hope that our fiat paper money venture will fare better ultimately than such experiments in other lands. Because of our economic strength the paper money disease here may take many years to run its course. [...] But we can be approaching the critical stage. When that day arrives our political leaders will probably find that foreign war and ruthless regimentation is the cunning alternative to domestic strife. That was the way out for the paper-money economy of Hitler and others. [...] I warn you that politicians of both parties will oppose the restoration of gold. [...] Also those elements here and abroad who are getting rich from the continued American inflation will oppose a return to sound money. [...] But, unless you are willing to surrender your children and your country to galloping inflation, war and slavery, then this cause demands your support. For if human liberty is to survive in America, we must win the battle to restore honest money. [...] There is no more important challenge facing U.S. than this issue – the restoration of your freedom to secure gold in exchange for the fruits of your labors."

Ladies and Gentlemen, these are the subtle relationships between freedom, money, intellect, war, peace and gold.

General Charles de Gaulle, once President of France, gave France the greatest gift he could offer: He renewed his country's confidence.

On the 4th of February 1965 he said:

"The time has come to establish the international monetary system on an unquestionable basis that does not bear the stamp of any country in particular. On what basis? Truly, it is hard to imagine that it could be any standard other than gold. Yes, gold whose nature does not alter, which may be formed equally well into ingots, bars, or coins; which has no nationality and which has, eternally and universally, been regarded as the unalterable currency *par excellence*."

I thank you!

Books:

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4. Zweig, Stefan, *The World of Yesterday*, New York: Viking Press Inc., 1943
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6. Griffin, G. Edward: *The Creature From Jekyll Island – A Second Look at the Federal Reserve System*; Westlake Village, California: American Media, 1994
7. Röpke, Wilhelm, *The Social Crisis of Our Time*; Erlenbach/Zurich, Eugen Rentsch Verlag, 1961
8. Lips, Ferdinand, *Gold Wars – The Battle Against Sound Money From a Swiss Perspective*; New York, NY, Foundation for the Advancement of Monetary Education FAME, 2002
9. Röpke, Wilhelm, *International Order and Economic Integration*, Erlenbach/Zurich, 1953
10. Also by Lips, Ferdinand, *Die Gold-Verschwörung*; Rottenburg am Neckar, Kopp Verlag, 2003

Ferdinand Lips, born in 1931, has over 50 years experience in the banking industry. Since its foundation in 1968, he was a Managing Director of the Rothschild Bank AG, Zurich, managing an important international clientele. From 1987 until his retirement in July 1998, F. Lips was founder and Chief Executive of Bank Lips AG, Zurich, a portfolio management bank and GlobeTrust AG. In 1993, he was No. 2 performer worldwide with his in-house Precious Metals Fund (up 121%). In 1998 sold his equity interest to Graubündner Kantonalbank, Chur.

In 1994, he participated in the takeover battle of the Rand Mines Group and the „Randgold-Revolution“ which changed the face of the South-African Gold mining industry.

He is a member of the board of Randgold Resources Limited, Jersey, C.I. and The Afrikander Lease Limited, Johannesburg. For many years, he also was a member of the board of Randgold & Exploration Limited, Johannesburg, and Durban Roodeport Deep Limited, Johannesburg. He is also Chairman of the Italian finance company Interfin SIM SpA, Milan. He is a member of the advisory board of J-Pacific Mines Ltd., Vancouver, a Canadian exploration company.

Since 2003 he is Chairman of the investment company TOP-GOLD AG, Principality of Liechtenstein.

He is the author of several texts on investment management and has written three books: „Das Buch der Geldanlage“ in 1981 - with the translation into Spanish „Las Inversiones“, „Geld, Gold und die Wahrheit“, in 1991. In spring 2002 his third book „Gold Wars“ was published in the U.S. The German translation „Die Gold-Verschwörung“ has been published in November 2003.

In 1962, F. Lips was co-founder and first deputy chairman of the Swiss Association of Security Analysts. He has widely lectured on currency history, currency matters and the stock market and he is a member of the Board of Trustees of FAME Foundation for the Advancement of Monetary Education, New York.