

THREE REVOLUTIONS

**Speech of Ferdinand Lips on the occasion of the
Conference Goldrush21 in Dawson City (Canada),
August 8/9, 2005**

**“The Gold Standard of the 19th century is the highest monetary achievement of
the civilized world” – Ferdinand Lips**

Ladies and Gentlemen,

It is an honour and a pleasure for me to talk to you at the site of the greatest gold discovery in history. We are in Dawson City, the place of the Klondike Gold Rush of 1896.

As a young man I spent two years of my life in Toronto. So almost 50 years later I made it to visit this legendary country of Yukon. In this wild place destiny played unbelievably dramatic roles in many thousands of human lives. There is no fever like gold fever.

This June Gold bullion has posted a dramatic rise against all major currencies. Another cycle in this bull market seems to be beginning. The curtain of this present day drama is soon going to be lifted as investors all over the world start to notice what is going on.

Ladies and Gentlemen, let me talk how I see the gold and the world situation from Dawson City. In short: because the world has forgotten the monetary role of gold, our world is in serious, very, very serious trouble. That is the one major reason for the present worrisome state of the world. The abandonment of gold as money, of the discipline of gold is the major reason, if not the only reason why our world has become a very dangerous place. In my opinion, it is the biggest tragedy in world history.

Some years ago I heard that the Maya calendar will end on the 23rd of December 2012. There is no more Maya calendar afterwards. That is only about seven years away!!!

The Mayans were a people of great culture and they loved gold. They have to be taken seriously.

What could that mean? What is going to happen?

Is it the end of the world? No, it can't be that. We hope not. However we are facing an economic situation that could easily end in a debacle of epic proportions.

Will there be a World War? Well, that is quite possible. There are so many wars already. In the 20th century there have been two World Wars, thousands of smaller wars, even Gold Wars and Currency Wars. That would never have happened under a Gold Standard. Impossible!

What else could it then be?

I have come to several conclusions. Conclusions usually come at the end of a speech. But I won't keep you waiting.

George Bernard Shaw once said: It's difficult to make forecasts, especially about the future. But I will try anyway.

I'll tell you my conclusions right now:

First conclusion: There will be no more FED. Yes, there will be no more FED, believe me! It may come as a surprise to some of you to hear that the Federal Reserve System is already Americas' fourth central bank. There were three others before that and the result was always the same – a disaster. We had 100 years of FED and that is enough. Why? Because this organisation has tragically failed. It was set up to keep the \$ strong and the financial system sound. It was founded by powerful and supposedly very intelligent men. Within 100 years they have succeeded to run the dollar down to 5% of its 1913 value. Maybe even below that. The FED has created stock market bubbles. Right now it is creating the biggest housing bubble in history. This may lead to economic collapse. I expect a revolution will one day take place against the FED. It must be abolished. After all its founders were not that intelligent but rather stupid men. Or they were devils. It is a tragedy. Not only that: It

is the biggest tragedy in world history, even worse than wars. Worse than wars. It made most people poor. It damaged America. It caused wars and then helped to finance them.

Second conclusion: Most other Central Banks will go too. The central banks invented this terrible monster of “The lender of last resort” which allows irresponsible banks and the wealthy financial folk to speculate without real risk of their own. It led to an incredible build up of financial leverage. And at the end it leaves ordinary people holding the bag. None of this would occur if we had an honest monetary structure. We don’t need central banks. The once mighty Bundesbank, the Bank that ruled Europe, has already lost all its power. All central banks must and will be abolished. Why? Because they were so stupid and fraudulently sold their citizen’s gold and bought paper money instead, mostly US dollars. You know those dollars that lost 95% of their value over 100 years. OK there is now the EURO. But is that currency cocktail any better? Somebody called it the ESPERANTO CURRENCY, meaning the HOPEFUL. Before the creation of the euro all the central banks of the world held all of their monetary reserves in US dollars. A US dollar that is *backed by nothing*. After the dollar crashed in recent years, they shifted their paper dollars into euros. How clever, they sold gold at the bottom and then they sold dollars at the bottom. I hope all is not lost. I suspect some central bankers are beginning to wake up and find out that gold is the only real money - the only alternative to worthless paper money reserves.

My forecast: Beginning 2006, the same central bankers who dumped gold at much lower prices will repurchase that gold at much higher prices.

Third conclusion: The US will have Latin American conditions, but without the Latin charm. I am extremely worried about the future of that country. Its manufacturing industry is dying. The US is bleeding to death with these endless wars. As far as I know, America has no enemies from outside that threaten it. In my view, the enemy comes from inside. It will face economic collapse and complete destruction of its currency. But people are not informed what is going on. I also hear that its people are losing their freedom. That is of course the consequence. Americans should

remember their heritage. They should remember the principles of their founding fathers. These wonderful men created a great and successful country that was admired by the whole world. This is all gone. Their governments are only thinking about teaching everybody what democracy is. They want to rule the world they don't understand. They want to manage the markets they no longer dominate and then go to war when nothing helps.

Fourth conclusion: China will probably become the biggest economy in the world. China has a long history. The timeless value of the wisdom of a Konfuzius that is almost 3000 years old, is again remembered. Believe me this is far superior to Disney Land. China will become the most important country in the world. China will have a great future as long as it can master the speed at which it is changing and growing. That will be difficult. China's economic progress does not only create wealth but also tensions. It should not be built on the American consumer who only consumes that much because he thinks the housing boom makes him rich. So China and the other Asian countries will one day need to have their own integrated markets. They will no longer depend so heavily on an American consumer that is drowning in debt. If the political tensions become too tense, the country could split up in three Chinas. It has happened before in their dynasties. That would not be too bad. Smaller countries can be better managed. Well, in the case of China, these three countries would still be big enough.

Fifth conclusion: India will get wealthier and more successful all the time. But I wonder if a country is really successful if it has that many poor people. Most important insight: In spite of all the forecasts, India will buy more and more gold. The Indians will never change. They got lot's of history and experience with paper money. In the Middle Ages, there was a "Silk Road" going from Turkey to Kasakstan. Now we are seeing the build up of the "Gold Road". It starts in Dubai. Dubai is building the biggest gold refineries in the world. They buy and refine the gold that flows afterwards over the "Golden Road" to India and all of Asia.

Sixth conclusion: Russia could become the greatest power of the world. Russia may have the biggest gold reserves. In 1917 under the Tsar, the Bank of Russia had the biggest gold stock of all central banks including the Bank of England. Russia has a great many well educated, hard working and decent people. They just need to abolish their enormous bureaucracy, forget their Marxist nightmare and learn the principles of a free market economy. It is a fabulously rich country with enormous resources, a lot of good people and a lot of culture.

Seventh conclusion: Together with Russia EUROPE could again be the center of the world. But it is by far not sure. It can only be achieved if we drop Socialism and the Welfare State. We should learn from the Chinese. Hard work and little Welfare State. But in order to succeed, the euro needs a link to gold. The miracle can only be accomplished if Europeans replace Keynes with the thinking of men like Röpke, von Mises, von Hayek etc. Röpke, Eucken and Erhard were the fathers of the German miracle. These policies could again be the source of a European miracle. The EU of Brussels, the EU in its present form should be abolished. The Brussels bureaucracy of unelected officials is a monster. The French and the Dutch just voted against it. The EU in its present form will fail and maybe the euro will fail as well. That would not be the end of Europe. As General Charles de Gaulle recommended. The ideal would be: the Europe of the Nations. A Europe where the individuality of every nation and region is respected. A Europe from the Atlantic to the Ural. A bit more religion would also help. The word God was not even included in this new Constitution. The unelected masters of Europe wanted to do it without God. They are destined to fail.

Eighth conclusion: Gold and Silver prices will be much, much higher. Oil prices too. There is not enough gold. Who wants to produce gold and silver as long as prices are held artificially low? This whole manipulation of the gold market has to end. It will end like the Gold Pool in 1968. Just collapse. The gold pool was created in 1960 by the central banks to keep the price of gold at \$35.00. It could not last. Gold was stronger than the central banks. And gold will also be stronger than the hedge fund boys who are criminally borrowing and shorting stocks of small gold rich exploration companies just to bring them to their knees. Only this time the explosion of prices will

be more spectacular. The prices will go to the moon. And the manipulators will be hit by a real boomerang. Also the central banks will start buying in 2006. Nobody will be able to stop that future gold rush. Gold will take its revenge.

Ninth conclusion: If the price of gold and silver were left to free market forces, literally everybody would benefit. South America. Most countries of Africa. South Africa would benefit most. Even the US would greatly benefit because it is No. 3 producer of gold. There could be a Renaissance of mining generally with all the beneficial effects on the economies as a whole.

Tenth conclusion: My most important forecast is the following: **I FORECAST A RETURN TO THE GOLD STANDARD.**

Without a return to the GOLD STANDARD you can forget it, I repeat - forget everything. Then the calendar of the Mayans and their wisdom will have proved to be greater than Nostradamus.

If we go back to the Gold Standard I could see the best scenario for the future of mankind. Everybody would benefit from sound money, South America, Africa. The US could again become a great economic power and nation. Gold rich Asia may benefit most. The world economy would run on its full potential. There would be full employment everywhere. The young could again find jobs. Peace would return to the world.

HOW CAN THIS BE ACHIEVED?

BY THREE REVOLUTIONS!!!

- 1. THE GATA REVOLUTION.**
- 2. THE EDUCATION REVOLUTION**
- 3. THE MINING REVOLUTION**

1. THE GATA REVOLUTION

I came to this historic place to tell you how we Europeans admire the work of GATA. For seven years now GATA, under the leadership of Bill Murphy and Chris Powell, has been fighting for free markets, for a free gold market. Bill's courage is without example. It is a fight of David against Goliath. Day after day he is hammering out his message for transparency through honesty. Day after day he informs how honest people are robbed by arrogant governments, bureaucrats, useless central banks and an almighty banking system. It is a total crime if you manipulate markets, depress the price of assets of other people, destroy the economies of whole nations (primarily in Africa) and drive hundreds of millions of people into poverty. It is a crime.

GATA courageously fights for free markets, better markets, honesty and a better world. GATA therefore deserves our fullest support. The mining industry has often been criticized by GATA and rightly so. GATA criticized it for not protesting against the obvious manipulation. The mining people do not realize what is happening to their product, to them and to their shareholders. They are mostly engineers and don't understand what some dark, obscure characters on COMEX are doing to them. Or else, they are just closing their eyes. If you realize, how much it takes to get a few grams of gold out of the ground, then it is obvious that this manipulation is a major crime.

It can only be in the interest of the mining people to support GATA. Actually it was the job of the World Gold Council. But they failed. That is one of the strangest organizations I ever met.

In any case they are not friends of the gold mining industry. Rather they are serving their biggest sponsors who incidentally were also the biggest hedgers. Those sponsors are dictating the WGC's policy.

All the gold and silver mines of this world should voluntarily give GATA an annual contribution. Not based on ounces produced but what they think is right. All investors, but primarily those with interests in gold and silver mines must subscribe to GATA. They get daily high class and honest information. GATA is the only organization that is fighting for miners and investors. Fighting for their rights, and ...their money.

GATA and LeMetropoleCafe should now be put on a broader basis. A group of friends should meet with them and work out a plan how GATA can be institutionalized and structured. It should become a structured business corporation. The benefits for everybody will be enormous, not just for a few stock markets gains but for the whole economy, the countries, the mines, the shareholders and the workers and for freedom.

Can it be done? Yes, it can. It is needed because the cabal cannot endlessly steal our money. GATA must live and grow. Let's build GATA to a powerful organization. Bill deserves it. He is a pioneer. GATA has to become a viable business corporation.

A historic parallel

This reminds me in a way of the foundation of Switzerland. In 1291 30 men from the Swiss mountains assembled one night on a meadow on the lake of Lucerne in Switzerland. They wanted to be free. At that time Europe was ruled by kings and princes and nobility that was not always nice to the common man. The common man had to pay taxes (10%) and had to fight on the battle fields for the glory of the kings. They had to fight and die for the feudal system. The mountain farmers decided that they could manage their own destiny. They were determined not to bow to any oppressor, rather die than live in chains. And they had to go to war. In three decisive battles they beat the army of the Austrian Habsburg Empire. But before they went

into the battle, they went on their knees and prayed to God, the Almighty for help. Other cantons joined the original three cantons. Today Switzerland, a country without natural resources, is the country with the highest per capita income in the world.

Switzerland is still the only direct democracy in the world.

This, my friends, is my first message.

Now to the second message:

2. THE EDUCATION REVOLUTION

If we successfully want change the present monetary non-system, then we must have a plan. We need a plan to inform people about sound money. For a century people have been extremely successfully brainwashed that gold is finished and fiat paper money will rule. The politicians are full of lies and the media is full of lies. There is not one university in the world, where monetary history and science is taught. From history we know how fiat money systems end. Look at the Continental, look at the John Law experiment. They all finished badly. The present paper money experiment is even worse. It's the worst of all, because it is world wide. For the first time in history all the monies of the world are backed by nothing. It is the worst system ever invented by the mind of men. It is the Tower of Babel of irredeemable money.

Let me cite Professor Antal Fekete in my book "Gold Wars" who said:

This Book "Gold Wars" is much more than a chronicle of gold wars. It is also an account of the historic failure of "Esperanto money". Over hundred years ago a Polish physician by the name of Ludovik Lazarus Zamenhof (1859 – 1917) created a synthetic language in the hope of removing the curse of Babel from mankind. According to the Bible man had become so conceited as to

challenge God by proposing to build a tower that was to reach HIGH HEAVEN. The tower could never be completed for failure of communication due to the confusion of different languages. Zamenhof called his new language “Esperanto” meaning “the hopeful”. However, the hope was in vain as other synthetic languages such as “Ido” sprang up. The confusion of tongues, and the curse of Babel, has remained.

Calling irredeemable currency “Esperanto money” is apt. The Biblical story may be interpreted allegorically as an admonition not to challenge God by attempting to build a tower of irredeemable debt that is to reach HIGH HEAVEN. But the admonition fell upon deaf ears. Now God’s wrath is upon us. Currencies of nations have been confused. The tower of Babel is in vain. Other synthetic currencies spring up such as the SDR (special drawing right), the euro, and so on. The confusion of currencies, and the curse of Babel, remains.

How could this tower of irredeemable money come into existence? Because there is no gold standard. Because people do not know what money is, what sound money is and means. The lessons of history are forgotten. In the 19th century every peasant knew what money is. So you have to educate people again. How can it be done? You create a Monetary Institute world-wide. We organize conferences but with a system. You invite the young people, you invite everybody who wants to learn. You have three year courses about monetary history, about mining, about the influence of sound money on the economy, in history and in the future. An organization such as FAME (www.Fame.org) could play an enormous role. I am a Trustee of this organization and a friend of its director Dr. Larry Parks.

You do not need a building for this. You may organize it at various places, in various countries: Switzerland to begin with, Toronto, Singapur, Dubai, Kyoto, Shanghai, Cape Town, Buenos Aires. Any place you can think of. It will be a matter of a few years and millions of people will know what sound money is, millions of people will want to go back to the gold standard. And millions of people will want to buy gold.

The free market will overwhelm the manipulators. The free market will decide the right price for gold.

Thanks to this wonderful instrument of internet the message will spread rapidly. I tell you within three years the world is ready for a new gold standard, for sound money, law and order, freedom and no wars. Maybe it will take more than 3 years, maybe it will take 7 years, until 2012 when the Mayan calendar ends and a new calendar starts.

It can be done. How can this be achieved?

This reminds me of another example in history.

The victory of Christendom over the Roman Empire.

They, the missionaries did it without money, without internet. They travelled on donkeys and spoke to the crowds, told them about their GOD, convinced them of the importance of love and peace. And they won. It is the Judeo-Christian philosophy believing that there was only one God that defeated the Roman Empire without weapons.

That is, why I tell you it can be done. It can be done fast. We got internet.

My daughter Barbara and I have worked out a plan for a Monetary Institute. It was easy. I sent the plan to ten people whom I thought they would be receptive. When I asked them about their opinion they found it excellent. For now it is still in the drawers in Switzerland, waiting to come out of the drawer, waiting to be put in practice for the benefit of mankind.

But who will do this? Who has enough enthusiasm to create such a Monetary Institute. It cannot be Ferdi Lips. I am over 74. But there should be plenty of candidates. In May I was in the Middle East, in Dubai where I had a speech at the

Gulf Research Center. Last year I was in Bahrein. I had a speech at the local university. They were so interested, they wanted me to help them work out a program for universities in all other Arab speaking countries taking “Gold Wars” as a basis. Today it is easy to spread the message with the help of the computer.

3. THE MINING REVOLUTION

Before closing I am going to speak to you as a representative of the gold mining industry. The gold mining industry is in a big squeeze. It is in big trouble. It is a miracle that it still exists. Actually it should make huge profits and pay rich dividends. 30 years ago gold mining companies used to pay dividends to their shareholders. Because it is a wasting asset. Today they do not and cannot pay dividends. Why? Because the low price of gold does not allow them. We need a healthy mining industry. It is good for the world economy as a whole. Today the price of gold should be 50% higher. The mines, the shareholders and the workers would prosper. But it is not only the low price of gold that hurts them. There is also a currency war going on producing huge currency fluctuations, energy costs are rising, prices of commodities are rising, labor costs are increasing and in many cases grades are declining.

The conclusion is that the gold mining industry needs a higher gold price. I have been active for over 10 years in the gold mining industry in South Africa and Canada. But I have never seen an industry that does so little for marketing its own product. Nor does the South African Government or its finance minister ever raise their voice. They just watch how their mining industry is criminally destroyed. And the unions actually think the miners are doing a bad job. Of course, if you think it over, they do a bad job. Why? Well they just watch how their product is destroyed. The shareholders of the mining companies should make their respective managements responsible for selling gold \$300 or more below its right price, for squandering their precious assets. Unfortunately most shareholders also don't know either what is going on.

Most mining executives are engineers. Most of them do not even know that the price of gold is managed. I would say it is irresponsible. Every cheese manufacturer does more for his product. But what can the miners do. Well they have done enough cost cutting, closing down unprofitable mines and firing workers.

What they should do, is simply withhold 10% of their production from the market. That is about 200 tons p.a.. It is only one half of what the central banks are selling p.a. under the Washington Agreement. It is only one half of what the central banks are selling in order to keep the price low. If the central banks are allowed and openly do everything to destroy the mining industry, then the mining industry has the right to fight back. Now is the time to stand up and withhold 200 tons of their production. 200 tons is not much, but it helps, it would help immediately.

So we finally come to the conclusions:

- 1. We need a strong, powerful GATA. It is a necessity. A GATA that is structured, organized and institutionalized. It has to become a going corporation.**
- 2. We need to teach the people of the world what gold is. Gold is money, the only money and the best money that insures that our world will again be a prosperous place. We need a Monetary Institute on a world wide basis.**
- 3. The mining industry must prosper again. It must withhold gold from the market until the central banks end their gold sales.**
- 4. It is of the utmost importance to get rid of the restriction that the IMF has placed in its articles of agreement that prohibit member countries from linking their currencies to gold. Or else the countries have to quit the IMF.**

5. In his essay “Can Gold Producers Survive By Promoting Jewelry?” Larry Parks of FAME said: At the end of the day, to revive the fortunes of the gold producers, it is necessary and sufficient to restore gold as the choice of free markets and free people all over the world as money that doesn’t depreciate at home or abroad; as money that is as steady as the stars; as money that is as faithful as the tides or, as the American Federation of Labor put it at the turn of the last century: “ Gold is the standard of every great civilization!” ---- that is the salvation of the gold mining industry: gold as the standard of every great civilization!

This is my message. Conquer the Fiat money non-system with knowledge. Just as Christendom has conquered the pagan Roman Empire. Conquer it with gold. If we do this, then by the 23rd of December 2012 a new golden Maya calendar will be borne and the world will experience a new **RENAISSANCE and prosperity for all.**

But if we don’t do it, the calendar of the Mayans will have truly been prophetic, we will face global economic collapse and believe me - the end of the world as we know it.

Thank you!

Ferdinand Lips

Chairman Top-Gold AG