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Answering Your Questions

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WILL GOLD BE CONFISCATED? IS THE PRIVATE V PUBLIC STARTING?

One of the top questions I have been getting is will gold be confiscated? While that is not likely under normal conditions, we seem to be headed for abnormal conditions. This move to confiscate “repatriate” **ALL** money held in Switzerland back to Greece being orchestrated by the Europeans to ensure they get their pound of flesh out of Greece, such a wholesale attempt to confiscate **ALL** wealth is bordering on Communism. The way gold was confiscated under FDR was whatever gold deposits the banks had they too were seized and replaced with dollars. They did not go house to house. The key here seems to be not leaving your gold in banks, and it may come down to even cash based upon this latest European trick and MF Global.

What good is gold or cash as a hedge if it was at MF Global? What about any bank for that matter? Trading futures has been based upon the confidence that the exchange stood between all parties. The disgraceful confiscation of all assets at MF Global and the refusal to honor the client segregation of funds from those of the brokerage house is beyond belief. In the case of Princeton Economics, they could cover it up giving the bank directors absolute immunity provided they returned the money. But make no mistake about it, HSBC still tried not to pay after pocketing \$1 billion from Safra. They finally agreed to plead guilty ONLY if no bankers went to jail. The problem with MF Global, nobody has stepped up to buy the firm so they could not hide the taking of client's money as they did in the case of Princeton Economics.

Allowing the NY bankers to sweep your accounts and sell that in REPO overnight is outrageous. I expressly bought Fannie Maes to prevent that because they were **not** good collateral for the exchange or REPO. It turns out the bastards were still selling them off, not putting entries in the accounts, and using "segregated" money for their own benefit behind my back. The issue is this has become standard operational procedure in New York and **NOBODY** will clean it up! Numerous people have written how their funds are frozen at MF Global and may be for a very long time. So what good is cash or gold if it is in New York? We need an old world private bank where they do not lend out your money or sell it behind your back in REPO, and you pay a fee for them to be the custodian. But they can't even be a Fed bank because the money is still electronic and can be confiscated with the push of a button.



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The MF Global incident, US tracking of all bank wires, the confiscation of Greek's assets in Switzerland is all showing we have very serious problems far beyond what people are arguing about with gold standard nonsense. We are at the threshold of a systemic collapse that no change of what we call money is about to prevent. We may be at the Fall of Rome Stage where people buried their money and didn't trust banks at all. As governments become desperate for money to pay the bankers, it becomes precisely as President Herbert Hoover wrote in his memoirs on page 129:

“[W]hen representative government becomes angered, it will burn down the barn to get a rat out of it.”

Indeed, we are in serious trouble. This whole thing is just not going very well. Instead of addressing the problems, government will destroy everything we once had just to pay the bills and retain the power to borrow forever and never have to pay off a dime. Yet there is **NOBODY** running for President who would do a damn thing different!

"1) What is the likelihood of governments confiscating the private ownership of gold - as was previously done in the US - thus forcing citizens to hold debased currencies and forcing down the price of gold?;"

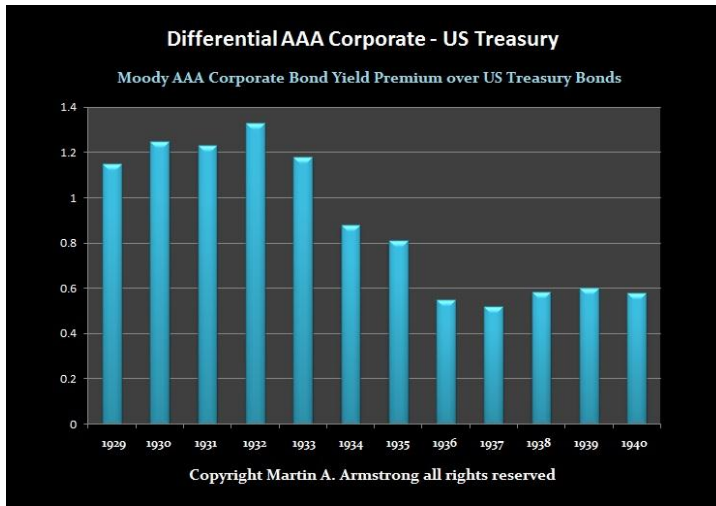
Answer: Government will NEVER return to a gold standard. That is simply off the table. Any confiscation of gold will not be to create a monetary system, but to simply grab wealth to fill the pockets of the bankers.

"2) What's the likelihood of the Europeans selling down their gold holdings to reduce their budget deficits?"

Answer: Very high. Since there is no intention of returning to a gold standard, which would remove government power amount to a financial revolution, there is no love loss regarding gold. Everything will go to keep the power.

"3) Have you noticed the large short positions in precious metals of the major US investment banks - particularly JP Morgan?; and"

Answer: Nothing beyond what they have been doing.



"4) You previously mentioned that investors will derive greater confidence in the private sector than the public sector and this would provide impetus for the equity markets. With cash-strapped governments looking for extra revenue sources, why would they not introduce higher taxes and levies on corporates thus possibly making investing in equities unattractive? On the

other hand and in accord with your 'private' over 'public' forecast, BHP has just raised debt 10 year debt funding in the US at 3.66% - BELOW the Australian 10 year bond rate. Now THAT vindicates your 'private' over 'public' stance although at this stage its confined to the debt markets."

Answer: Government will of course raise taxes or **ENFORCE** taxation as the US is now secretly tracing every wire looking for any account they can confiscate. However, from a corporate perspective, we are not necessarily talking about earnings here. What this shift is all about is where to hide your wealth so it does not vanish. The key with corporations is their tangible asset value. There are some that have little, just ideas. But when faced with holding government bonds, stocks will on the rebound become **ONE** of the means to secure wealth. Some people will buy gold – but **NOT** everyone does the same thing. People will invest in what they feel the most comfortable in holding.

5) Is China going to implode in 2012 or, as you previously forecast, in about 2016?

We are working very hard to get the profile up on China. There are clearly signs of stress already. But real estate is still booming in many areas all the way down into Southeast Asia. The three targets are 2012, 2014, and 2016 with the end of the financial world stuff going into 2020.

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