

Gold by Montresor

Those who know, accumulate

In spite of the gold price drop, certain private gold holdings are growing quietly.

It would appear that the more loudly the oldest banks of Italy and Switzerland predict a bottomless fall in the gold price, the more of the yellow metal they accumulate.

After some weeks of noting the gold advice of the Freemasonic banks such as the Union Bank of Switzerland and Italy's Banca Commerciale Italiana, who have persisted in making much ado of the small amounts of gold they have sold, I decided to investigate the facts of the matter. These venerable institutions have, it is true, of late been implicated in Italy's Propaganda 2 Freemasonic lodge scandal, yet that was not in itself sufficient to cause me doubt on their continued assertions that new plummets in the price of gold are yet before us.

Actual numbers on the secretive movement of world gold holdings are hard to obtain, but by close examination I was able to determine what has happened to the size of private European ownership of gold, which is almost entirely concentrated in the hands of the Venetian and British families who control the banks in question.

During the span of the 1970s, it has commonly been remarked that large net volumes of gold have made their way out of the major European gold trading centers in Zürich and London, and into the jewelry factories of Italy, famed for their ancient craft. From Rome, Milan, and Siena, during each of

the past 10 years, fabricated jewelry, to the extent of some 370 tons per year, or more than one-third of the world's annual gold production, has been exported, net, into the developing sector nations. These were principally the oil-exporting countries, and Asia, where gold investment takes the form of jewelry purchases.

It appears, however, that in the course of 1980 and 1981, this substantial flow has been reversed, and that the same quantities of gold formerly accumulated points east of Suez are now being accumulated by private European holders.

The severe credit contraction policy of the American central bank chairman, Mr. Paul Volcker, is the policy of the Basel-based Bank for International Settlements and the Italian oligarchy, which controls the latter institution. Mr. Volcker's interest rates, it now appears, have not only made it extremely expensive for the small American holder of gold to continue to finance his investments, and has forced so many private investors on this side of the Atlantic to abandon their gold plans; that policy, which has caused extreme economic hardship in the developing sector, has also forced a large-scale offloading by these gold consumers of their own holdings. Developing sector imports of gold, mainly in the form of jewelry, stood at 488 tons in 1978, at 263 tons in 1979, and in 1980 fell below zero to a net sale to the mar-

ket of 131 tons. Furthermore, demand for gold bullion in the developing sector dropped from 172 tons in 1979 to a mere 2.5 in 1980. These sales continue this year. As a result, the total accumulation of gold in the West fell from 1,704 tons in 1979, to 803 tons, or by more than half.

Nevertheless, in spite of all of this, private gold investment by individuals in Western Europe during the same time period increased substantially, from 216 tons in 1979 to 280 tons in 1980—increased, that is, by more than the absolute rise in the official foreign exchange reserves of all the Western nations, or by some \$3 billion at today's low \$400 price.

According to my investigations, it is the oldest families of Europe whose private hoards have benefited from this movement, and who expect a dollar crisis and a rise in the price of gold later this year. It is they who have not only encouraged Mr. Volcker's credit policy, but who control the Italian and Swiss banks which loudly proclaim that no bottom exists to the gold price.

For example: the Banca Commerciale Italiana. This bank, investigations show, is the commercial arm of the Assicurazioni Generali di Venezia, perhaps the most important financial institution in Italy. On its directorate and those of the companies it controls, are the Luzzattos, the Medicis, the Dorias, the Giustinianis, and also comparatively parvenu English and French families, including those of Baron Elie de Rothschild, Baron Leon Lambert, members of the board of London's N. M. Rothschild, and Holland's Pierson, Heldrin, and Pierson.

They now hold the gold.