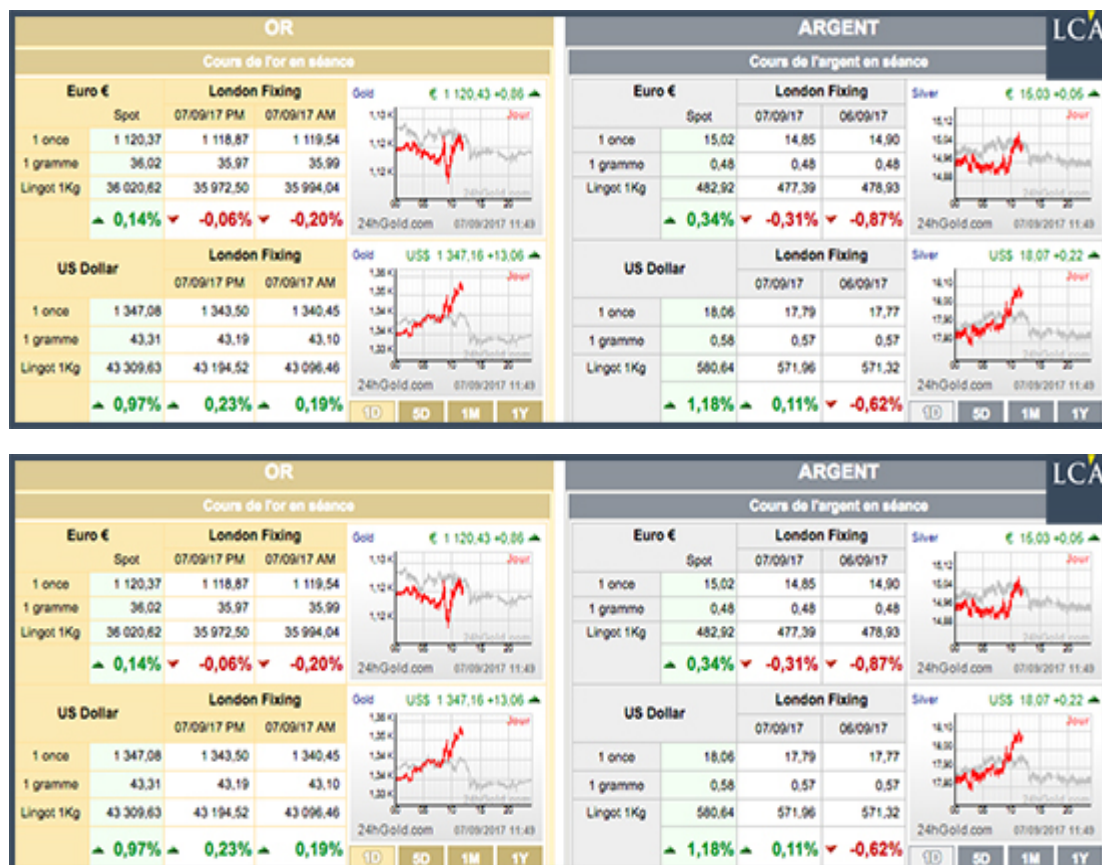


# Time to Invest in This 'Barbaric Relic'

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Yesterday, Mario Draghi, president of the European Central Bank, was speaking and the financial industry drank its words waiting for insurance on future liquidity.

Here is the instant effect of his words on the price of gold and silver.



On an almost golden background, the red curve gives the instant prices of the ounce of gold expressed in euro at the top and dollar at the bottom. The gray curves are the curves of the previous day.

On an almost silver background, the red and gray curves give the same information for the ounce of silver.

As you can see, gold and silver first went up in both euros and dollars. Then, after a downward hesitation, the price of gold in euro returned to its previous state.

What can we conclude?

Nothing, or at least, nothing like that. A different point of view must be adopted.

A long time ago, after various trials and trials of bipeds, gold and silver were chosen as coins in the face of nothing (barks, papers, recognitions of debt) or something (shells, cattle, cereals, pearls of glass, ... ).

It was not a prince, an emperor, a king, a high priest, who decided one fine day alone in his corner that gold or silver was the best suited to trade and exchange. It is a crowd of individuals, now fallen into dust, who have come to this conclusion.

Sometimes there remains a trace of the reflections of some "intellectuals" such as Plato, Aristotle, Oresme, Copernicus, Gresham,

Cantillon ...

Gold and silver were imposed in a pragmatic and democratic way simply because it worked best. The "added value" of a centralized system imposed by a prince, seigneur, emperor was limited to a seal certifying purity and weight. This "added value" often became a "nuisance added" when this sickly character decided to cheat.

Who are the barbarians?

What is gold and silver in the 21st century, in the age of the "augmented man", the Internet, nuclear electricity and the engine with explosion? What weigh Plato, Aristotle, Oresme, Copernicus, Gresham, Cantillon and other ghosts lit by candle, did not read *Game of Throne* and did not watch reality TV? Are gold and silver still something or nothing but a "barbaric relic" as Keynes claimed?

Probably still something since:

- Central banks still have their coffers (or at least, that is what is being said)
- People bother to rate precious metals

In this case, you can tell from the curves of yesterday that

- The dollar and the euro have fallen against gold (and silver)
- Dollar fell more than the euro

As in all things, there is value and price. Value is what each person attributes at a given moment to something, that is, the satisfaction that everyone anticipates of possessing something he covets. The price is what a person agrees to pay according to his own value scale.

In the morning I prefer tea and coffee. But it is the preferences of billions of people that we do not know who will direct the surfaces of plantations of tea and coffee; the weather will have a say; the prices of transport will play; the result of all this will be a price. Tea can increase or become hard to find and I can decide whether to drop it on coffee or whatever.

But for currencies, what does value and price mean?

Live from the tomb of Aristotle

When the euro rises against the dollar, it means that people value the euro more than the dollar.

But when gold rises against the euro and the dollar, it means that people value gold more than the euro or the dollar.

Gold is only a testament to people's confidence in central banks, and this confidence is eroding.





I hear Aristotle chuckling in his grave.

*"What is more odious, above all, than the traffic in money, which consists in giving to have more, and thereby diverts, the currency from its original destination? "*

*Poor, Mario: difficult to make the weight before Aristotle.*

This morning, many analysts said that yesterday's move was a signal of new bull market for gold. What I will translate as "rising distrust of monetary policies".

Target, according to many: \$ 1,500 per ounce at the end of the year. Will the democratic currency take over the technocratic currency?

[Editor's note: If you want to vote for the democratic currency, do not be deceived! Are you familiar with this piece, which has a very special characteristic that is very advantageous in terms of taxation?[Click here to discover it.](#)]