



Swiss Vote on Central Bank Gold Could Limit Manipulation

As Switzerland's central bank engages in controversial monetary-policy gimmicks to keep the Swiss franc from rising, voters will have an opportunity to start reining in the scheming next month. On November 30, the wealthy Alpine nation — among the last in the world to decouple its currency from gold — will hold a referendum on whether to force the Swiss National Bank (SNB) to hold a fixed portion of its assets in the precious metal. If approved, the implications for Switzerland, gold prices, precious-metals manipulation, and perhaps even the global fiat-currency regime could be enormous, analysts say.



The proposal, dubbed “Save Our Swiss Gold,” would mandate that the central bank keep at least 20 percent of its reserve holdings in gold, as opposed to, for example, U.S. dollars or euros. The measure also seeks to prohibit the sale of the Swiss central bank's gold, all of which would have to be kept inside Switzerland. If approved, the Swiss central bank, which is [currently sitting on more than half of a trillion dollars' worth of assets](#), would have to purchase about 1,500 tons of the precious metal to comply with citizen demands — about half of the world's annual production, according to UBS analysts.

Financial analyst Bill Murphy, who serves as chairman of the Gold Anti-Trust Action Committee, an organization set up to expose and oppose manipulation of the gold market, said the Swiss initiative could bring transparency while limiting controversial monetary and market-manipulation schemes. “If the Swiss referendum were to go through, it would upset The Gold Cartel's agenda in a major league way due to the massive amount of physical market buying that would have to be done,” he told *The New American* in an e-mail.

“Gold has been under constant pressure for three years now,” Murphy added, referring to the surge in prices before the more recent tumble which [many experts view as a coordinated assault rather than a market phenomenon](#). “Anything to turn the momentum around in a meaningful way would be a big deal in that THEY want to keep gold off the investment radar screen for all the reasons GATA has mentioned over the years.” Among those reasons: Keeping the central banking and fiat-currency machinations that [distort the economy free from sound-money competition in the form of precious metals](#), which historically have served as money and, without price manipulation, would clearly reveal the plunge in value of paper currencies.

Chris Powell, secretary and director with GATA, echoed Murphy's concerns and highlighted other potential implications of the upcoming vote. “The referendum proposal would put serious limits on the power of the Swiss National Bank to participate in international currency market interventions, open and surreptitious, which seems to be the referendum's objective in part,” he told *The New American*.



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“To that extent it would increase accountability in government.”

Swiss authorities have been arguing, among other concerns, that holding mandatory gold reserves that could not be sold — as mandated under the proposed measure — would essentially be useless. Powell, however, pointed out that the gold could eventually be marketed as appropriate, provided the Swiss people themselves authorized the sales in another referendum.

“The people thus would gain the right to participate in bank decisions about currency market interventions,” he explained. If approved, the proposal would also “dramatically increase transparency in the bank’s operations, insofar as the composition of the bank’s foreign exchange reserves would be clearer, as would the vaulting of the country’s gold reserves,” Powell added.

It could also have significant effects on the price of gold while making the market harder for central bankers to manipulate — something [top central banking chiefs have admitted to doing for decades](#). “Of course the purchase of so much real metal by the bank would support the gold price and cause difficulty for the Western central bank price suppression scheme, which gold investors and adherents of free markets and competition among currencies could only welcome,” said the GATA director, whose organization has long battled collusion in the gold market aimed at controlling prices and supply.

Chief commodity strategist Ole Hansen at Saxo Bank, who is monitoring public sentiment about the campaign in Switzerland, told Kitco News that there is already some support for the initiative as evidenced by the fact that it is on the ballot to begin with. Geopolitical instability and concerns about European growth could help boost that support, Hansen said, adding that the recent Scottish referendum illustrates that public sentiment can shift quickly.

If approved by voters, the measure could have major effects on the gold market. “That kind of gold buying would put what we’ve recently seen in China to shame,” he explained. “There is already support for this referendum and I am expecting the gold market to start paying more attention, especially if the polls show the vote will be close.”

The upcoming referendum, a regular occurrence under Switzerland’s system of self-government that requires 100,000 signatures to get on the ballot, was organized by members of the center-right Swiss People’s Party (SVP). Unsurprisingly, though, authorities and central bankers are urging a “no” vote. While results of public-opinion surveys on the measure have not yet been published, both Parliament and the executive branch of the confederation are urging the public to vote against the initiative, Bloomberg reported.

“A rigid and unsaleable minimum gold holding would make it difficult for the SNB to fulfill its mandate to ensure price stability and to contribute to the stable development of the economy,” claimed Swiss Finance Minister Eveline Widmer-Schlumpf during an October 7 press conference in the capital.

Central bank boss Thomas Jordan has also campaigned against the measure. “The initiative has the potential to limit the central bank’s ability to act,” he was quoted as saying in a major German newspaper, claiming it would hinder the SNB’s supposed mission of maintaining “price stability.” For many critics of central banking schemes, of course, limiting the central bank’s ability to “[act](#)” is precisely the point.

Right now, most of the SNB’s reported gold holdings of about 1,000 tons are stored within Switzerland. An estimated 30 percent of that stockpile, however, is reportedly in the hands of central bankers in the United Kingdom and Canada, which has spurred concern among some Swiss activists — especially in light of other bizarre developments.



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In recent years, for example, German authorities sought to have their gold holdings returned from the privately owned U.S. Federal Reserve, only to be told they would have to wait. That news, along with ongoing reports and accusations of central banker-orchestrated price manipulation in precious metals, prompted analysts to wonder whether the U.S. central bank actually still had the alleged gold.

Switzerland was among the last nations to completely abandon gold backing for its currency, the Swiss Franc. Indeed, until 1999 under intensified pressure by the [International Monetary Fund](#) (IMF), the confederation's Constitution actually required the national currency to be backed by gold at 40 percent. The United States, by contrast, abolished even the dollar's final, tenuous link to the metal in 1971 under an order by then-President Richard Nixon, who falsely claimed at the time it would be a "temporary" measure.

Regardless of whether the referendum succeeds, at the very least, analysts say the "Save our Swiss Gold" initiative is likely to spur much-needed debate about the precious metal, fiat currencies, debt-based currency, and the massive powers that central banks hold over the economies they control. Still, while authorities and so-called banksters are expected to wage a well-funded campaign against the initiative, the fiercely independent Swiss may yet shock the world.

(Full disclosure: The author of this piece holds some gold and Swiss francs (CHF), and suffered losses on the currency holdings due to the SNB's devaluation policies).

Photo of citizens voting on a referendum in Switzerland

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