

Is Wo Fat Dumping Chinese Silver?

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There is no enjoyment greater than to sit quietly with a cup of tea and possess full knowledge of those things which have not yet occurred ---quotation from the Red Chinese spy Wo Fat, from the TV series Hawaii 5-O, airdate 10/10/72. The perceptive reader at once understands my cynical humor. Wo Fat was a fictional red Chinese espionage agent who was constantly locking horns with Steve McGarrett, head of the Hawaii state police. Wo Fat had several conspiracies to destabilize the United States which were all thwarted by the hero. In the present silver market situation we rely upon information, reason, and above all the passage of time, (time is on my side, say the Rolling Stones) which will bring us back to the triumph of free market forces, to squelch the Wo Fats of the silver market (the naked short sellers)! It seems rumors are important in the armamentarium of those who wish for another decade of low silver prices. What these clowns do with information is akin to what happens to food after it has worked its way through the body. The Gnomes of Zurich, in this case, probably including large industrial silver consumers, have been running the rumor mill at full blast for months with stories about China dumping tons of silver on the world market, and they say this is the reason, along with declining demand by way of photographic tourism decreasing along with airline travel (they shy away from mentioning sharply curtailed production and surging military use offsetting this), for the slump in silver prices. Nothing is said except by a few whistleblowers about the fact of the short position in silver, which has ballooned in size recently, and has gone from plain crazy to stark raving mad in view of stats from sources like CPM Group which show inventories declining rapidly towards a ground zero scenario. Whether the Chinese silver export sales are 15 million, or 60 million ounces, it should be seen as a straw dog situation because reliable information has established this silver is mainly coming from concentrates processed at refineries, such concentrates having originated outside of China most likely as byproduct silver. When silver prices reflect free market forces at last (probably by spring 2002 when leasing inventories are likely to be at total depletion) I suggest all the silver bears recite the quotation of Steve McQueen, the sailor shot by Chinese militia at the end of *The Sand Pebbles* (1966)--- *What happened? What the hell HAPPENED?* Or maybe they will point a sword at someone at a ballroom dance, like Charlton Heston did in *55 Days At Peking* (1962). A limerick:

***Silver prices are in the dumps,
The smart investor jumps!
Soaring prices bring us wealth,
Multiply financial health!
Short seller take your lumps!***

The Chinese are as good as any other people, but sadly, as with many nations, have leadership whose intentions appear less than angelic. From the purges of the Cultural Revolution to the outrage of the Tienamen Square incident, Chinese leadership is hardly a textbook case of caring for the common man. It was not only the USSR but also China who was a player in the Cold War. To some extent, a cold war is still ongoing concerning Chinese intentions. It must be believed that Japanese atrocities in China during WWII are an item to be avenged on the Red agenda, but only after the so-called renegade province of Taiwan has been recaptured by force. Tibet was taken by force, and Richard Maybury of Chaostan.com is of the view that a new Axis has been formed against U.S. interests, to include China and some powerful allies such as Iran.

If China has a strong dislike for America, as the Los Alamos National Laboratory/Wen Ho Lee episode (concerning our Trident II launched W-88 warheads miniaturized with no loss of power) and the indignation over an American reconnaissance plane making an emergency landing on Hainan Island last March 31, strongly suggests, why would they wish to help us by dumping tons of (supposedly) Chinese silver on the world market, at the very time when U.S. stockpiles are shrinking to embryo size? We have a military action now in Afghanistan, and Lockheed Martin has been awarded a \$200 billion contract from the Pentagon to build military jet aircraft. All this manufacturing and military equipment requires silver for optimum electrical conductivity. If China wants to damage the U.S., a good way would be to not dump their silver at cheap prices, contributing to our war efforts. The rational idea in light of the history of the Chinese regimes dislike of the West (Chinese nuclear test at Lop Nur, October 20, 1964 as one of many examples of long standing militaristic intentions; at this time, Taiwanese pilots flew some of our U-2 spy planes) is that they are actually withholding silver produced on Chinese territory for their own war plans and infrastructure development, including superconducting transmission power lines. All modern electronics requires some silver for top performance, and a Chinese official boasted that their ICBMs could now strike Los Angeles (Sun Times, 8/2/96). Whether they are speaking of SS2 Silkworm missiles, or Dong Fengs, or satellites, night vision equipment, or anything with advanced circuitry, they need silver. And they know we are running short of it. So it makes little sense for some Wo Fat type in Beijing to be orchestrating the dumping of silver to depress the price. (While most of the media wanted to focus on Bill Clintons marital infidelity, immeasurably worse scandals got less attention, including the transfer of ICBM technology to China by Hughes Electronics and Loral Space & Communications, approved by the Clinton administration—New York Times, April 4, 1998; hypocritically enough, this was just weeks before the Clinton white house slapped India with sanctions for testing 5 nuclear devices, as they are more worried about China than Pakistan!) There are some jerks on the scene who would do us a favor if they would get on a bottle cap and drift out to sea! China is among the most politically repressive nations, and their militarized police maintain photographic files of uncounted millions of Chinese who have been routinely detained, so they need silver for that too. Perhaps Kodak and Fuji will act as suppliers, as these firms have interest in the Chinese market. One of the best-known geopolitical facts is that Israel and Taiwan are in collaboration with U.S. foreign policy, so it isn't strange that the Taiwanese and Israelis have collaborated on defense matters, and it is fair to assume China looks askance at this. China has been vocal against Taiwan having nuclear devices (Bulletin of Atomic Scientists, September-October 1998, page 56) so to assume that China would be ignorant concerning our strategic need for silver and that of our allies and the impending shortage of it, would bring a rejoinder from Mr. Spocks school of Vulcanian reasoning, or even from an emotional human.

There are other matters which may be considered here, such as the NATO air strike which damaged the Chinese embassy in Belgrade Yugoslavia on May 7, 1999, causing fatalities. The U.S. and Britain insisted that the attack, launched from a B-2 bomber from Whiteman Air Force Base in Missouri, was a tragic error resulting from the mistaken use of an old map. According to information from The Observer (London), October 19 and November 28, 1999, *the Chinese embassy had an electronic profile, which NATO located and pinpointed*. It seems that there was a radio transmission emanating from the office of the military attaché at the Chinese embassy, which was sending out intelligence information in collaboration with Serbian forces. So precise was the targeting that the North end of the building was undamaged by the JDAM (Joint Direct Attack Munition missile of Boeing). The incoming position of the missile is checked, rechecked and adjusted by fixes from seven satellites. So here we have another motive for Chinese

leadership to not want to help us by making cheap silver available. Why would they go against their own interests? Billionaire investor Richard Rainwater, in an article From the Fort Worth, Texas, Star Telegram of March 3, 1995, said that *investments in natural resources will be handsomely rewarded in coming years* and that *China entering the world markets in a big way will drive a prolonged, global surge in demand for petroleum, metals, lumber and commodities, things you desperately need to build the economy of a nation of a billion plus people just beginning to practice capitalism. Rainwater said the country to bet on is China, China, and China. And China after that. China is Japan with a zero added on.* Try to picture the Chinese silver demand when its consumers reach 25% the level of affluence of Americans. This is equal to doubling the silver consumption of the United States. I suggest that if China is dumping whatever silver they have on the world market, there probably is not a bean sprout in Chinatown either. Because both suggestions are wildly ridiculous.

Friends, no guarantee can be made as to how much time remains for you to take positions in silver, whether by buying physical or some of the good silver mining stocks, which can almost be counted on the fingers of one hand. Whatever you do I counsel you to do it soon. No amount of derivative voodoo economics can hold the price of anything down once critical shortages begin. There was a Texas oilman in the early 1980s named Eddie Chiles (Western Company of North America) who spread thousands of bumper stickers to his shareholders, which read, *IF YOU DO NOT HAVE AN OIL WELL, GET ONE!* In the coming silver crisis, we can watch for one, which reads, *IF YOU DO NOT HAVE A SILVER MINE, GET ONE!* In closing, allow me to point out that allegations that China is dumping tons of silver on the world market, because they want to depress the price, appear as nutty as the statement made by banker John Hamilton to rancher Lucas McCain in The Rifleman TV series of the early 1960s (set in late 1870s New Mexico)---*I've got to ship \$20,000 to the Federal Reserve in Albuquerque!*

(For all you young persons, there was no Fed till 1913 and it has never had a branch in Albuquerque. But you can dine with sterling silver there at Chinese restaurants, yes!)