

SEVERE OVERSUPPLY OF LIARS

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Butler's reference to a Chinese official, Wujun Tang, as claiming China to have a "severe oversupply of silver" (reported by Dow Jones newswire on July 7, 2003) calls for an examination of the same source to see what has been happening long-term with world silver supply. Dow Jones is the parent company of the Wall Street Journal. Let's consider this source and the statements it's made over a time frame of a generation, about silver supply. The time frame I chose was 1961 through early 1980; lack of time disallowed a check of the past 23 years. We keep hearing about being in the 14th year of a big silver deficit. As you will see, actually this deficit extends at least to 1949, as one of the references (#214) shows. While you read these documented references, you might recall that on American supermarket shelves there used to be a drink called Tang, which was an orange powder mixed with water to produce fake orange juice. Fake, like Mr. Tang's claim about severe oversupply of silver in China! To locate these shortage references, I reviewed the index to microfilm of the Wall Street Journal, 1961 through early 1980. Shortage references cannot be found by only reviewing the index; the entire article must be printed and reviewed. I may have missed some of these references in the review of hundreds of articles. Many other references to a long term silver shortage undoubtedly can be found, including the Wall Street Journal, April 1980 through the present; New York Times; London Times; other dailies, and business magazines. All references below except the first one are from the Wall Street Journal. During this time frame, the only sources alleging a shortage wasn't present were the Silver Users Association and a certain bullion bank in London still active as a partner to them, as we shall see. As we come to the close of the long era of suppressed silver prices we may anticipate that the severe oversupply of liars will include voices other than that of Tang. We have seen others in responses from CFTC, COMEX and Congress! As the phrase I feel lucky to have coined has it, "silver is in danger of falling below the price of manure" (because of the severe oversupply, according to shorts and users)!

LET THE DOCUMENTED REFERENCES BEGIN!

1) "It is clear that during 1903-1920 the demand exceeded the supply." (American Review of Reviews, New York, November 1926, page 512,

article entitled, “The Amazing Adventures of Silver” by J. Laurence Laughlin, Emeritus Professor of Political Economy at the University of Chicago, reference to India and China)

2) “Predictions of a critical silver shortage in the near future.” July 17, 1961 page 6

3) “Use of silver has exceeded mine production for the past several years.” July 17, 1961, page 6

4) “Silver supplies fall.” October 16, 1961, page 1

5) “Supplies nearly exhausted.” October 16, 1961, page 1

6) “Near-exhaustion of the supply of metal.” October 16, 1961, page 1

7) “Fast-dwindling supply.” October 16, 1961, page 1

8) “The shortage” October 16, 1961, page 22

9) “Declining supply of silver.” October 16, 1961, page 22

10) “The Treasury became a net seller of silver beginning in 1959, and sales since then have nearly wiped out the accumulated “free” Government silver.” November 29, 1961, page 3 (“free” silver was metal not needed to back redeemable silver certificates.)

11) “The consumption gap has been filled by imports, used silver and until now the Treasury’s stock of silver.” November 29, 1961, page 3

12) “World silver consumption has outrun production consistently over the past decade, with a gap of nearly 140 million ounces last year between production of 211 million ounces and consumption of 350 million ounces in the non-Communist world.” August 20, 1962, page 20 (Note---this reference states shortage extends back to at least 1952!)

13) “The U.S., the world’s largest consumer and second largest producer, used more than 159 million ounces of silver in 1961 but produced only 41 million ounces.” August 20, 1962, page 20

- 14) "The silver supply for industrial users is likely to be contracted further this year by copper production cutbacks announced last month by a major U.S. copper producer. A reduction in copper production cuts silver supplies because two-thirds of the silver produced in the U.S. is a by-product of ores mined for copper, lead and zinc." August 20, 1962, page 20
- 15) "Scarcity of silver" March 12, 1963, page 4
- 16) "The silver shortage" March 12, 1963, page 4
- 17) "The domestic supply is insufficient" March 12, 1963, page 4
- 18) "Unsatisfied overseas demand" March 12, 1963, page 4
- 19) "Since 1959 free world silver production has fallen short of nongovernment demand." March 14, 1963, page 12
- 20) "THERE IS A WORLD-WIDE SHORTAGE OF SILVER." (Emphasis mine, March 15, 1963, page 4
- 21) "Insufficient domestic silver supplies" April 3, 1963, page 3
- 22) "Demand for silver increases" April 3, 1963, page 3
- 23) "Overseas demand for silver increased again" April 3, 1963, page 3
- 24) "The Treasury's supply of "free" silver not needed for currency backing reached near-exhaustion in November 1961." May 24, 1963, page 2
- 25) "U.S. industrial consumption of silver has grown to more than 100 million ounces a year, and coinage takes 75 million ounces yearly, while domestic production runs only around 35 million ounces. This has required heavy imports, which the Treasury dislikes because it means sending U.S. dollars abroad to pay for them. That worsens the balance of payments deficit, and gives foreign central banks a potential counterclaim on the shrinking U.S. gold reserve." June 6, 1963, page 26
- 26) "Drain on the U.S. Treasury stock of the metal" September 9, 1963, page 3

- 27) "Market supply below demand" September 12, 1963, page 3
- 28) "In the past week, silver users in the U.S. have had to go to the Bank of Mexico to get part of their supply." September 12, 1963, page 3 (a hint of leasing here)
- 29) "The supply wasn't sufficient to take care of consumer demands, trade sources said." September 12, 1963, page 3
- 30) "Substantial increases in overseas demand has sharply reduced the supply to U.S. consumers." September 12, 1963, page 3
- 31) "Fast shrinking stocks" September 12, 1963, page 3
- 32) "The London bullion trading firm of Samuel Montagu & Co. predicted that the heavy demand for silver could lead to a drain on the U.S. Treasury's stock of metal." September 12, 1963, page 3
- 33) "Free World consumption climbed steadily to 366 million ounces last year from 270 million in 1961 while production lagged far behind, averaging about 200 million ounces a year. During this time the U.S. Treasury was selling off unneeded silver stocks at 91 cents an ounce, in effect putting a ceiling on the metal's value." October 16, 1963, page 14 (again, sounds like leasing)
- 34) "The Treasury, fast running out of silver dollars..." March 25, 1964, page 11
- 35) "Small Treasury stocks of silver dollars" March 25, 1964, page 6
- 36) "With this run on the Treasury, that august institution is running out of silver dollars." March 27, 1964, page 4
- 37) "The Treasury is gradually running out of silver for coin manufacture. Estimates vary on when Uncle Sam's 1.5 billion ounce silver stockpile will be exhausted, but most guesses place the vanishing point between five and 10 years." April 2, 1964, page 1
- 38) "Rising industrial demand for silver makes it unlikely the Treasury would try to solve the coinage problem by going to the market to replenish

its bullion supply. We'd be chasing our own tails, says a Treasury man."
April 2, 1964, page 1

39) "U.S. silver stocks of 1.4 billion ounces will be exhausted in a few years at the present rate of consumption." August 17, 1964, page 4

40) "Dwindling silver supply" September 10, 1964, page 1

41) "Shrinking stocks of silver" September 10, 1964, page 1

42) "Shortages are threatening to deplete the Treasury's silver stocks much faster than was expected only a few months ago." September 10, 1964, page 1

43) "If they have to keep coin output extra-high for two or three years, as officials expect, this could bring the silver inventory perilously close to bottom." September 10, 1964, page 1

44) "THE ENTIRE WORLD OUTPUT OF SILVER ISN'T NEARLY ENOUGH TO MATCH RAPIDLY RISING INDUSTRIAL USE." (Emphasis added) September 10, 1964, page 1

45) "Silver supply drops" September 10, 1964, page 10

46) "The supply kept dwindling" September 10, 1964, page 10

47) "Shortage of the metal" September 16, 1964, page 9

48) "Shortage of silver" September 16, 1964, page 9

49) "Domestic mines produced an average of only 34 million troy ounces annually over the past five years while the average domestic consumption was 106 million troy ounces yearly, or more than three times mine production." September 16, 1964, page 9

50) "A crisis could come through depletion of the Treasury's silver stock." December 28, 1964, page 9

51) "World silver use outruns production." December 28, 1964, page 9

52) “The Treasury’s reserves fell to 1.2 billion ounces from 1.5 billion in 1964.” December 28, 1964, page 9

53) “THE GOVERNMENT HAS LITTLE HOPE THAT MINING WILL INCREASE FAST ENOUGH TO STAVE OFF FURTHER DEPLETION.” (Emphasis added---yeah, especially when the price has been so suppressed for 39 years on top of that time!) December 28, 1964, page 9

54) “The height of the nation’s most severe coin shortage” (people were “hoarding,” actually “saving” silver coins!) December 28, 1964, page 9

55) “THE FUNDAMENTAL PROBLEM OF FUTURE AVAILABILITY OF SILVER” (Emphasis added) January 21, 1965, page 5

56) “It is becoming more apparent that in the long run there won’t be enough silver to satisfy combined industrial and coinage needs.” January 21, 1965, page 5

57) “Treasury silver stocks, including bullion and coin, declined by 364,500,000 ounces in 1964, a drop of 23%.” January 21, 1965, page 5

58) “Treasury silver stocks at the end of 1964 were 1,218,000,000 ounces, down from 1,582,500,000 ounces at the close of 1963.” January 21, 1965, page 5

59) “World production of silver is insufficient to cover both industrial and coinage requirements.” February 1, 1965, page 7

60) “Nearly all of a year’s world silver production has been going for coinage, leaving little of the metal for constantly expanding industrial needs.” February 1, 1965, page 7

61) “The Treasury, hungry for a solution to its tightening silver pinch, is becoming strongly tempted by “sandwich” coins.” March 25, 1965, page 23

62) “A sandwich, favored by silver miners, that would cap a copper core with silver. Officials worry that this formula, because it calls for some silver, would provide only an interim solution, leaving the Treasury to face a more urgent silver bind six to eight years hence.” March 25, 1965, page 23

63) “Industrial users, nervously watching silver consumption outrun world production year after year, argue that silver shouldn’t be used at all in coins anymore. Their needs are increasing as more silver is used in photography, electronics and jewelry.” March 25, 1965, page 23

64) “Treasury silver stock now down to less than 1.1 billion ounces” March 25, 1965, page 23

65) “The billion ounces of Government silver on hand amounts to only a three year supply, forcing the Treasury to look to other metals for coin making.” June 7, 1965, page 3

66) “Tight silver supplies” June 7, 1965, page 3

67) “THE CHRONIC SILVER SHORTAGE” (emphasis added) June 7, 1965, page 14

68) “Industrial Silver Supply Expected to Stay Tight Even After Coin Shift” June 8, 1965, page 12

69) “Silver for industrial users will continue in short supply.” June 8, 1965, page 12

70) “Despite stepped-up exploration in recent months, U.S. silver production can’t be expected to fill more than about one-third of industrial demands any time within the next five years, estimated John M. Kelly, assistant Secretary of the Interior for mineral resources. Silver imports, already declining, will probably drop further in the years ahead, he said, necessitating further sales from the Government’s silver stockpile to makers of silverware, film and other products.” (Why can’t the users just fend for themselves, instead of feeding off the taxpayers, then staging raids on silver owned by people in other nations by “leasing?”) June 8, 1965, page 12

71) “Statistically, the Treasury’s silver position appears very tight. Current stocks of about 690 million ounces include 465 million legally earmarked as backing for silver certificate money, leaving only 225 million “free” for outright sale. Moreover, 165 million ounces of the “free” silver is earmarked for a permanent defense reserve.” June 27, 1966, page 24

72) “FACED BY A CONTINUING GLOBAL SHORTAGE, SILVER STOCKS WILL CERTAINLY CONTINUE TO DECLINE IN COMING YEARS.” (Emphasis added) June 27, 1966, page 24

73) “Federal officials are sure that the supply eventually will be too little to hold the price at its current \$1.29 an ounce.” June 27, 1966, page 24

74) “Global production, including both newly mined silver and that obtained from melting coins and other salvage sources, currently runs at an annual rate of 305 million ounces. Consumption for both coinage and industrial applications is about 405 million, leaving a deficit of 100 million. The U.S. Treasury is the major source of silver to bridge the global supply gap.” June 27, 1966, page 24

75) “The Treasury’s mountain of silver is dwindling’ June 27, 1966, page 24

76) “The Treasury’s stock of silver will drop about 110 million ounces in the first half, and the second half decline is expected to amount to about 50 million ounces, or 160 million ounces for all of 1966.” June 27, 1966, page 24

77) “In 1965, Treasury silver stocks plunged 400 million ounces after skidding 370 million ounces in 1964.” June 27, 1966, page 24 (Three quarters of a billion ounce decline in 24 months!)

78) “By the close of 1966, Treasury stocks will be about 640 million ounces, off from a recent high of 2.1 billion in 1958. Treasury officials are optimistic that these shrunken stocks will meet requirements at least for another year or two so that the Government can keep a lid on prices without resorting to such drastic silver-stretching steps as curbing exports or halting silver certificate redemptions.” (Less by 1,460,000 bars of 1,000 ounces!) June 27, 1966, page 24

79) “The U.S. Treasury acts as residual supplier to world markets finds it increasingly difficult to maintain sales.” December 21, 1966, page 21

80) “Dwindling reserves held by the Government official stock is estimated at about 600 million ounces, down from 2.1 billion held in 1958.” January 4, 1967, page 21

- 81) "Shrinking stock" March 9, 1967, page 14
- 82) "Treasury plans to halt redeeming paper money to protect silver stock" (it certainly wasn't planning to protect the silver from the users, as they soon got most of it) March 14, 1967, page 4
- 83) "Dwindling Treasury stocks" May 18, 1967, page 4
- 84) "Dwindling stocks of silver held by the U.S. Treasury" May 18, 1967, page 4
- 85) "Industrial use of silver in the U.S. during 1966 was 150 million ounces. Domestic production supplied 40 million ounces." May 19, 1967, page 2
- 86) "The Government conceded that its stocks were getting smaller" May 19, 1967, page 2
- 87) "WE'RE TALKING ABOUT TWO SILVER SHORTAGES, DOMESTIC AND WORLD-WIDE." (Emphasis added) May 19, 1967, page 2
- 88) "Dwindling Government stocks of the important industrial metal." May 22, 1967, page 4
- 89) "Consumers in a few foreign nations may feel an immediate supply pinch. Japan, for instance, meets about two-thirds of its annual consumption through imports, the bulk coming from purchases at the U.S. Treasury." (Is it any wonder we see Mitsui & Company currently listed as a Silver Users Association member?) May 22, 1967, page 4
- 90) "The Treasury's stock of "free" silver plummeted by about 19 million ounces last Thursday, the same day the department clamped a ban on exports from its fast shrinking hoard. The "free silver" is the only amount held by the Treasury that is readily available for sale at the fixed price of \$1.29 an ounce; the rest is legally required as backing for silver certificate currency outstanding." May 24, 1967, page 8

91) “The latest Treasury statement shows the free stock was down to 58,760,344.7 ounces from 77,711,831.1 ounces held just 24 hours before.” (Run on silver certificate redemptions) May 24, 1967, page 8

92) “Another factor said to have contributed to the sudden rise in demand for gold was the U.S. Treasury’s move last week halting exports of silver.” May 24, 1967, page 8

93) “Most North American producers long ago anticipated a supply pinch.” May 29, 1967, page 14

94) “The current supply crisis” May 29, 1967, page 14

95) “The Treasury Department acted to conserve its dwindling stocks by halting exports and restricting domestic sales to qualified industrial users only.” (What made a user qualified, membership in the Silver Users Association?) May 29, 1967, page 14

96) “FOR YEARS DEMAND HAS OUTSTRIPPED SUPPLY BY A GOOD MARGIN.” (Emphasis added) May 29, 1967, page 14

97) “It appears unlikely U.S. companies will improve much on last year’s production of 40 million ounces, or 26% of the 150 million ounces consumed by domestic industry.” May 29, 1967, page 14

98) “International run on America’s silver supply” June 6, 1967 page 12

99) “A shortage of the metal” June 6, 1967, page 12

100) “Heavy domestic demand is still swiftly shrinking the Treasury’s free silver stock.” June 6, 1967, page 12

101) “From 81.5 million ounces May 15, just a few days before the restrictions were imposed, the free stock was down to 55.6 million ounces May 29 and, at last report on May 31, the stock was down further to less than 51.2 million ounces.” June 6, 1967, page 12

102) “Treasury Free Silver Stock Fell Last Week By 11 Million Ounces.” June 8, 1967, page 11

103) “At the close of business last Friday, the free silver stock was 45,011,461.5 ounces, down from 45,857,059.6 ounces the day before and from 55,994,385.8 ounces a week before.” June 8, 1967, page 11

104) “Due to a shortage of the metal, the market price for future delivery of silver recently has climbed above the \$1.29 an ounce set by the Treasury.” June 13, 1967, page 13

105) “Silver has been in short supply” June 26, 1967, page 18

106) “Last year’s industrial consumption of 104 million ounces, domestic mines accounted for about 40 million ounces in 1966.” July 18, 1967, page 2

107) “Silver Prices Climb to Further Records; Some Orders Unfilled” July 19, 1967, page 26

108) “SILVER DEMAND IN THE FREE WORLD FAR OUTSTRIPPING SUPPLY” (Emphasis added) July 24, 1967, page 4

109) “THERE HASN’T BEEN A MAJOR NEW SILVER MINE OPENED IN MEXICO FOR MORE THAN HALF A CENTURY.” (Emphasis added) July 24, 1967, page 4

110) “SILVER IS IN SHORT SUPPLY WORLD-WIDE” (Emphasis added) July 24, 1967, page 4

111) “Dwindling supply of high-purity metal” October 13, 1967, page 22

112) “Scarcity of bidders willing to put their metal up for bidding” (Small wonder, when Walter Frankland’s Silver Users Association has always wanted others to sell silver to them at a loss) October 16, 1967, page 12

113) “Tightening supply spurs buying” October 24, 1967, page 28

114) “The tightening supply of silver continued to motivate buyers at all centers.” October 24, 1967, page 28

115) “The strike at most U.S. copper mines now in its 15th week is holding up most production of silver in this country. Silver is a by-product of copper

mining. Dealers estimated that upwards of 14 million ounces of silver had been lost to the strike.” October 24, 1967, page 28

116) “Silver is in increasingly short supply” November 10, 1967, page 8

117) “Most of the current supply is committed: the silver certificate redemption program, due to expire next June 24, has 296 million ounces earmarked. The Treasury owes the stockpile 165 million ounces, and another 65 million ounces are the property of the Atomic Energy Commission. A further 50 million ounces are needed as coinage reserve requirements. That leaves a deficit of around 200 million ounces, and dealers say the weekly sales by the General Services Administration for the Treasury could chew up another 84 million ounces by the end of June.” November 20, 1967, page 28

118) “Part of this shortage will be made up by melting coins” November 20, 1967, page 28

119) “THE WESTERN WORLD IS NOW CONSUMING SILVER AT THE RATE OF 500 MILLION OUNCES ANNUALLY, ABOUT TWICE AS MUCH AS IT’S PRODUCING.” (Emphasis added) November 20, 1967, page 28

120) “Dealers still see the possibility of a price-inflationary silver shortage.” November 20, 1967, page 28

121) “Private analysts expect deficits unless production increases or prices move high enough to attract silver from foreign sources.” November 20, 1967, page 28

122) “There’s a deficit in the Treasury’s coffers that will have to be made up by the coin melting program.” (Trashing real money to help the greedy users!) November 20, 1967, page 28

123) “The Treasury says it has about 370,000,000 ounces of silver on hand, down from 1,750,000 ounces in 1962.” November 20, 1967, page 28

124) “Silver coin hoarding grows. A pre-1965 quarter contains 36 cents of silver at \$2 an ounce. But it is still illegal to melt U.S. coins.” (Hoarding because the shortage was making silver more valuable. The Treasury was

sucking up silver coins through the 12 Federal Reserve branch banks, melting it, and selling it to the greedy Silver Users Association. We shall see more on this in due time.) December 7, 1967, page 1

125) “The agency (General Services Administration) discontinued sales of 99.9% silver when its stocks of surplus U.S. Treasury metal dwindled to near the 165 million troy ounces required to be set aside next summer for use in the event of a national emergency. It resumes commercial grade offerings Friday at the request of industrial users, whose supplies have been abnormally squeezed by the five month old nonferrous metals strike in the U.S.” December 18, 1967, page 28

126) “SILVER NEEDS FAR EXCEED DOMESTIC PRODUCTION” (Emphasis added) January 18, 1968, page 14

127) “THE GOVERNMENT IS FAST RUNNING OUT OF SILVER AND SOON WILL STOP SELLING SILVER TO ANYONE” (Emphasis added) February 23, 1968, page 1

128) “STATISTICAL TABLES PROJECTING WORLD-WIDE SILVER SCARCITIES, RISING WORLD-WIDE SILVER DEMANDS AND SOARING PRICES” (Emphasis added) February 23, 1967, page 1

129) “Demand outstrips supply” April 9, 1968, page 33

130) “World output of silver is below world consumption” April 9, 1968, page 33

131) “Supplies of silver continue to tighten” April 29, 1968, page 26

132) “Many certificate holders who have refused to sell their bills until the last minute have been dismayed to find that prices for the certificates have been declining in recent days. Reason—the Government is now exchanging silver of as little as 90% fineness for the certificates, compared to bullion of about 99% purity only a week ago. (The Government ran out of the purer metal.)” June 20, 1968, page 22

133) “SILVER COINS ALL BUT DISAPPEAR FROM CIRCULATION” (Emphasis added) August 15, 1968, page 1

134) “Since last year, the Treasury has accumulated 250 million ounces of silver in coins as a hedge against a shortage.” (The coins were melted and sold to the Silver Users Association!) September 23, 1968, page 28

135) “Figures showing the Treasury’s stock of silver---both in coins and bullion---shrank to 246.1 million ounces at the end of November from 319.1 million ounces on July 1. More than half of the decline was through bullion sales.” (Sales to the users!) December 6, 1968, page 16

136) “The Treasury supply will end.” May 13, 1969, page 2

137) “Silver supplies may get tighter.” May 27, 1969, page 8

138) “The Federal Government is beginning to see the bottom of its once mountainous store. Two weeks ago the surplus stock was down to 150 million ounces. The Treasury, as a consequence, has reduced its weekly auction offering to 1.5 million ounces from 2 million ounces.” (At many of these “auctions,” attended by Silver Users Association members, prices for Federal silver sagged, slumped, and declined---a rigged auction, huh?) May 27, 1969, page 8

139) “The supply of Government silver entering the market is diminished and ultimately exhausted.” July 30, 1969, page 7

140) “Much of the recent gains in price for silver has reflected a tightening supply.” November 5, 1969, page 39

141) “Annual production of silver is advancing about 4%, but this increase in output is well below the needs for industrial consumption.” November 5, 1969, page 39

142) “DOMESTIC NEEDS ARE ESTIMATED TO BE OUTSTRIPPING PRODUCTION BY MORE THAN 100 MILLION OUNCES ON AN ANNUAL BASIS.” (Emphasis added) November 5, 1969, page 39

143) “Treasury’s Role in Silver Market Is Fading As Its Available Stocks Slip To Low Levels” January 19, 1970, page 4

144) “The U.S. Treasury is slowly fading from the silver scene” January 19, 1970, page 4

145) “For the last 11 years, annual silver production started falling short of demand.” (Reference #12 claimed the shortage extended back another 7 years farther than this!) January 19, 1970, page 4

146) “On January 1, 1959, the Treasury’s supply was an impressive 1.9 billion ounces, an amount equal to 6.5 times total world consumption that year. The Treasury’s stocks currently are down to about 110 million ounces, or less than a fourth of total annual demand. Not all of that might be available to silver buyers, though a spokesman says there is still enough silver in Treasury vaults to conduct weekly sales of 1.5 million ounces through September and possibly into October. The sales are conducted by the General Services Administration.” January 19, 1970, page 4

147) “Stocks are limited” January 19, 1970, page 4

148) “Some (price) rise seems inevitable, considering the supply and demand situation. World silver production in 1969 was about 250 million ounces, while consumption was 350 million ounces.” January 19, 1970, page 24

149) “Tight supplies” April 29, 1970, page 32

150) “Supplies continue to tighten” April 29, 1970, page 32

151) “The U.S. Government, which for many years has taken up the slack in deficit production, is expected to be sold out by late September or October.” April 29, 1970, page 32

152) “INDUSTRY OFFICIALS DON’T EXPECT THAT RISING WORLD SILVER PRODUCTION WILL CATCH UP WITH DEMAND.” (Emphasis added) October 1, 1970, page 28

153) “World demand for the metal has been rising about 2% a year to 365 million ounces. But new worldwide production accounts for only 250 million ounces of silver a year, according to Walter L. Frankland Jr., executive director of the Silver Users Association.” November 9, 1970, page 23 (Notwithstanding the statistical differences between this reference and number 119, both sources agreed to the existence of a huge ongoing silver deficit. As for Frankland, even when he has admitted a supply deficit

exists, the Wall Street Journal noted, “Mr. Frankland rarely forecasts higher prices,” see April 27, 1979, page 34! So they cut their own throat by holding the price down, preventing increases in mining production! The shareholders of these companies need legal redress against management for creating the shortage that is soon to do them great harm!)

154) “The U.S. Treasury may soon be buying silver.” October 6, 1971, page 6 (Note---there were only 4 articles mentioning silver in the Wall Street Journal in 1971; only 5 in 1972; and just 5 in 1973! It makes you wonder if member companies of the Silver Users Association advertised more frequently in the publication during those years!)

155) “The supply and demand picture still reflects one of a deficit in production.” December 16, 1974, page 20

156) “The largest deficit was 214 million ounces in 1973. In the U.S., the biggest silver consuming country, annual demand is five times domestic production.” December 16, 1974, page 20

157) “LONG-TERM CORRECTION OF THE SHORTAGE ISN’T IN SIGHT.” (Emphasis added) December 16, 1974, page 20

158) “Chronic deficit in silver output” December 16, 1974, page 20

159) “The supply of silver coins is dwindling. About 400 million ounces of silver in coin form has been melted in the past 10 years.” August 18, 1975, page 16

160) “Raymond Nessim, metals trader at the Phillip Brothers division of Englehard Minerals & Chemical Corp., argues that “there are still a lot of coins circulating---about 400 to 500 million ounces of silver in coin form.” Phillip Brothers is one of the major trade concerns in the coin market. “We buy a good amount of the silver content coins for the manufacture of silver industrial products,” Mr. Nessim says.” August 18, 1975, page 16 (Silver coins are far less common than their original mintage figures. Franklin Sanders appears to favor them over other physical. He could prove correct.)

161) “More silver will be used than is produced.” August 27, 1975, page 20

162) “Supplies of silver are diminishing.” August 27, 1975, page 20

- 163) "Shortage of silver supplies in Chicago" June 17, 1976, page 18
- 164) "The Government has much less silver in its stockpile than it held in years past." September 10, 1976, page 22
- 165) "Most analysts expect demand this year to pick up enough to tighten supply; more silver is used up annually than is mined." February 8, 1977, page 38
- 166) "One thing that eventually might tip the scale toward higher silver prices is greater industrial demand this year for reduced available silver supplies, analysts at J. Aron & Co., New York based precious metals dealers, say in their latest research report." May 13, 1977, page 26 (Rumor abounds that J. Aron & Co., once part of Goldman Sachs, was the architect of silver leasing!)
- 167) "Further growth in world demand and some drop-off this year in the flow of new supply..." May 13, 1977, page 26.
- 168) "Because much silver is produced as a by-product of copper refining, a U.S. copper workers strike would affect 30% of U.S. silver production. That could mean a loss of more than one million ounces for each month that output is halted, the analysts say." May 13, 1977, page 26
- 169) "J. Aron analysts contend that much of the increase in world silver mine production likely will be offset by a reduction in supplies recovered from some secondary silver sources. They look for a decline in supplies from Germany's silver coin melt program, which last year yielded about 28 million ounces, and probable declines in silver shipments from India, where the government has limited exports." May 13, 1977, page 26 (The silver users weren't content to go after U.S. silver coins---raids in other countries apparently occurred, including Switzerland and Canada.)
- 170) "The total amount of available silver market supplies could drop as much as 30 million ounces this year from an estimated 447 million ounces in 1976." May 13, 1977, page 26
- 171) "More silver is consumed each year than is mined." January 30, 1978, page 27

172) “ANYBODY WHO BELIEVES THAT THE U.S. CAN TURN FROM A BIG DEFICIT TO A SMALL SURPLUS DESERVES TO BE ON THE WRONG SIDE OF THE SILVER MARKET.” (Emphasis added) March 15, 1978, page 36

173) “More silver is used up than is mined each year.” June 28, 1978, page 38

174) “While silver production is higher than it was one year ago, the added production isn’t enough to cover a sharp increase in silver sales to Banco de Mexico and our export contracts as well, one mining executive complained.” July 25, 1978, page 38 (Imagine the picture if lease sources wanted to restore their all time high inventories!)

175) “WE’RE HEADING FOR A REAL SHORTAGE OF SILVER.” (Emphasis added) November 22, 1978, page 38

176) “Silver Futures Growing in Popularity; Shrinkage of Supplies Is a Key Factor” January 17, 1979, page 38

177) “Fresh enthusiasm for silver began when traders noted that stocks of the metal in warehouses approved by the Comex had declined 13 million ounces, or 19%, in 1978 to 56 million ounces by year-end.” January 17, 1978, page 38

178) “Though no one is sure where all that silver is going, much of it has been bought by industrial users whose inventories are low, analysts say. “People need real silver in their pipelines,” asserts Dr. Jarecki of Mocatta.” January 17, 1979, page 38 (Naked shorting won’t substitute for real metal!)

179) “The silver boosters assert that world production of the metal is expected to fall short of consumption needs by some 150 million ounces this year. But, they concede, that’s nothing new.” January 17, 1979, page 38 (The deficit is nothing new so we become used to it as if it’s normal for inventories to decline in a flat price environment!)

180) “What is new, says Charles R. Stahl, a silver analyst who is president of the Economic News Agency, is that silver stocks, which usually have

bridged the gap between production and consumption, are shrinking.”
January 17, 1979, page 38

181) “Because of too much demand for too little supply, Mr. Stahl believes, silver “offers the biggest upside potential of all the precious metals.” January 17, 1979, page 38

182) “Tight silver supplies have also sparked rumors of a possible market squeeze.” January 17, 1979, page 38

183) “Says ContiCommodity’s Mr. Sarnoff, “Stocks are dropping pretty rapidly at the various exchanges.” January 17, 1979, page 38 (Paul Sarnoff was president of The Metals Consultancy and a big believer in an eventual silver boom which wouldn’t end due to rising world population and shrinking silver deposits. See “Perpetually Escalating Silver Prices” in Archives.)

184) “Silver will get an added boost because it is in short supply and is used more than gold by industry.” January 22, 1979, page 28

185) “Reduced stocks in warehouses approved by exchanges in London, Chicago and New York helped propel silver prices to new contract highs.” January 25, 1979, page 36

186) “The lack of availability, demonstrated in declining exchange stocks” February 7, 1979, page 32

187) “Says Mr. Conway of Merrill Lynch, “Most likely it’s a little bit of everyone deciding they want a piece of the silver pie. **THE SHORTAGE HAS BEEN SO WIDELY PUBLICIZED** that private persons have climbed on the delivery bandwagon.” (Emphasis added; Ted Butler may have been acquainted with Vincent Conway, having been with Merrill Lynch.) February 7, 1979, page 32

188) “A compendium of fears---including supply shortages, market squeezes, Iranian political turmoil, possible gasoline rationing---has pushed the price of silver considerable higher than even the most enthusiastic predictions of a month ago.” February 7, 1979, page 32

189) “Shrunken stocks in warehouses approved by the Comex, which declined six million ounces to 52.6 million ounces in the past five weeks, have heightened concern about short supplies and stirred worries of a possible market squeeze, in which prices would be driven unnaturally high because there wouldn’t be enough metal to satisfy all those who wish to take delivery of it against futures contracts.” February 7, 1979, page 32

190) “I THINK THE SEVERE SUPPLY SHORTAGE IS BECOMING OBVIOUS, says Dr. Jarecki, chairman of Mocatta Metals Corp.” February 7, 1979, page 32

191) “Sr. Jarecki likes to note in speeches that world silver stocks---estimated at fewer than 750 million ounces by industry sources---are small enough that a few people buying large enough quantities to squeeze the market isn’t farfetched.” February 7, 1979, page 32

192) “Says Vincent Conway, chief metals analyst at Merrill Lynch, “Silver is there for those who need it, but it’s tough to get. ITS EXISTENCE AND ITS AVAILABILITY ARE TWO DIFFERENT THINGS.” (Emphasis added) February 7, 1979, page 32

193) “Tight supplies” April 27, 1979, page 34

194) “Supplies in warehouses approved by exchanges in London, Chicago and New York have continued to decline; they have fallen about 15.6 million ounces to 125.5 million ounces since early January.” April 27, 1979, page 34

195) “Industrial demand still outstrips supply by about 150 million ounces annually, while many traditional sources of secondary supplies have dried up, industry sources say.” April 27, 1979, page 34

196) “Many years ago, Simon D. Strauss, Asarco Inc.’s scholarly metals guru, perceived a long-term supply demand imbalance in silver.” June 18, 1979, page 30

197) “This year, such users as the photographic film and electronics industries are expected to consume 38 million more ounces of silver than will be produced, according to statistics compiled by J. Aron Commodities Corp., a New York precious metals concern.” July 18, 1979, page 34

198) “WORLD-WIDE SHORTAGE OF THE METAL.” (Emphasis added) September 12, 1979, page 35 (Larry Edelson of Safe Money Report with your “there is no shortage of silver” claim, where are you now, red-faced in a dark closet?)

199) “I don’t think the commodities boom is over yet---at least not for those commodities for which there is a legitimate tightness of supply,” agreed Howard Levine, a metals trader for ACLI International Commodity Services.” (Article entitled, “Gold and Silver Prices Skyrocket, Others Stagnate”) October 11, 1979, page 38

200) “The bull market in silver rages on, arousing fears that in a few months there won’t be enough silver to satisfy the delivery contracts of those who are long the metal.” October 26, 1979, page 48

201) “Dr. Henry Jarecki, chairman of Mocatta Metals Corp., a leading precious metals firm, is worried about the current supply-demand situation in silver. Each year, he points out, industrial demand for silver outstrips new production.” October 26, 1979, page 48

202) “Supplies are so small that a substantial portion of them could be in a very few hands,” Dr. Jarecki says, adding that there is the danger of a squeeze. He defines a squeeze as “a concentration of ownership in a few hands,” which allows these owners “to dictate the price without reference to the cost of production.” October 26, 1979, page 48 (Ironic how the short cartel has combined lease silver with naked shorting to crush the silver price since the early 1980’s---“without reference to the cost of production”---and all the more since the early 1990’s. I detect the user’s association at the center of this situation. We will consider that next time around!)

203) “Traders calculate that in two months Waltuch amassed contracts calling for delivery of 40 million ounces of silver to his customers. If they take delivery of that silver when the contracts come due, they would deplete about 80% of the deliverable supplies of the metal in Comex warehouses.” October 26, 1979, page 48 (Norton Waltuch was a broker used by the Hunts.)

204) “The buying momentum was sparked in London, where traders have begun to fear a shortage of available supplies. The amount of silver in

warehouses approved by the London Metal Exchange has dropped by more than half in the last month to 9.5 million ounces.” November 28, 1979, page 38

205) “Gold and silver speculators returned in force for the first time since the U.S. Federal Reserve System put fetters on them by tightening credit. Much of the initial buying burst came from Europe, where traders seemed especially concerned about supply shortages.” November 29, 1979, page 6 (Central banks don’t like real money competing with their funny printing press money, which eventually gets overpowered.)

206) “Traders agreed that a key factor in the market’s behavior is the potential shortage of silver available for immediate delivery. Silver in warehouses approved by the London Metals Exchange has declined by more than half in the past month, to 9.5 million ounces. On the Comex, the number of contracts outstanding for delivery in December represents about 45 million ounces, or two-thirds of all the exchange’s deliverable supplies. If holders of futures contracts opt to take delivery, “it’ll be a pretty tight squeeze on price,” said John Boyd, director of commodity research at Drexel Burnham Lambert.” November 29, 1979, page 6

207) “Heavy buying and concern over shortages of immediately available supplies have lifted silver prices.” December 3, 1979, page 15

208) “Says Charles Stahl, author of Green’s Commodity Market Comments, a precious metals newsletter, “There isn’t enough silver around to meet demand from speculators and industry; silver has many more industrial uses than gold.” January 4, 1980, page 3

209) “A SILVER SHORTAGE EXISTS” (Emphasis added) January 10, 1980, page 38

210) “The silver shortage” January 10, 1980, page 38

211) “Dimes and quarters made before 1964, which are 90% silver, may become even more scarce.” February 1, 1980, page 30

212) “The agency didn’t have metal to deliver.” February 15, 1980, page 30 (Reference to Minpeco and the Bank of Peru in the silver slide after the January 21, 1980 Comex rule change brought on the crash.)

213) “The General Services Administration, trying to pick up \$50 million for the U.S. Treasury by selling off some old-fashioned “Carson City” silver dollars, has bought itself a large problem. When the word went out to collectors that 1883 dollars could be had for \$65 each, 1884S for \$60 and mixed years for \$45, the orders came pouring in. The GSA is “just buried” under the 350,000 pieces of mail that arrived in the first 10 days after the offer, a spokeswoman says. It is busily revising its RATIONING SYSTEM downward, cutting the maximum allotment per individual to 10 1883S, 20 1884S and five from the mixed year collection. Our first reaction is to say that someone in the GSA should take a few lessons in pricing but WHEN WE THINK ABOUT HOW RAPIDLY PAPER MONEY IS DEPRECIATING WE REALIZE THAT IT IS HARD INDEED TO KEEP UP.” (Emphasis added---this is how the article was worded, note it mentioned Carson City, Nevada Morgan dollars, whose mintmark was CC, whereas it discussed S mints---San Francisco. At any rate, you see what has already happened with one form of silver---demand far exceeding supply. This should happen with all forms of silver VERY soon!)

214) “FOR MORE THAN 30 YEARS, WORLD SILVER CONSUMPTION HAS OUTDISTANCED NEW PRODUCTION; in 1979, total usage was 161.8 million ounces above production. The difference was supplied by sales from private stocks and bullion recovered from melted silver coins, silverware and scrap. New production isn’t expected to increase appreciably.” (Emphasis added---notice this reference infers the shortage began in 1949!) March 3, 1980, page 28

215) “Fears of silver delivery squeeze” March 3, 1980, page 28

216) “Fears of a shortage” March 31, 1980, page 1

217) “SILVER IS A DEPLETING RESOURCE OF THE EARTH AND IS BOUND TO INCREASE IN VALUE.” (Emphasis added) March 31, 1980, pages 1-16

CHINA, THE SHORTS AND USERS---AND WHOLESALE LYING!

I believe most silver investors to be highly aware of the long-term shortage, as our education from Butler's series has told us. If there were doubters, you just read a ton of documentation above. In the midst of all these shortage references, however, I encountered several choice instances of shorts and users---probably the same people amalgamated together, declaring there was no shortage of silver. They want to influence the price down by causing holders of silver to panic and dump it. Well, the shortage was why we were taken off silver coins, so the industrial users could devour that metal. Consider the following from October 11, 1968, Wall Street Journal, page 6---

“The metal is being dumped by speculators, while a continuing flood of silver is reaching the market from India and elsewhere. “There is plenty of silver about for industrial consumers, and it looks as though speculators will continue to cut their holdings,” says an official of N.M. Rothschild & Sons, a London merchant banking and bullion dealing concern. Other bullion dealers see “no reason” why silver's price shouldn't drop further.”

It's well known that once silver enters India it strongly tends to remain there because of the government assigned premium on the price. More can be had by selling Indian silver to other Indians. There is no incentive to smuggle---none! This is just---excuse me---lying B.S. for them to suggest that Indian silver has seen significant smuggling. The same issue of the Journal made note on India's export embargo on silver. The Geographical Review, January 1936, page 47, commented---

“India's huge silver stocks were still detained there in 1934 owing in part to the barrier of an import duty, which made silver more valuable in India than without.”

The users employ psychological warfare, like the arm wrestler who attempted to intimidate an opponent by spreading rumors that he had overcome “a special machine” and tried to confuse his opponent at the start by saying, “don't resist me.” India absorbs silver and retains it off the world market. Only silver fabricated as jewelry or other objects leaves India; it wasn't for their domestic market; and it was just brought in due to cheap labor rates. As for N.M. Rothschild, this firm has been at the center of world finance since day one, but especially since the London market crash when rumors were spread about Napoleon defeating the Duke of Wellington at Waterloo on June 18, 1815. It remains a controlling influence in the Bank of

England, founded in 1694, as the famous authentic saying concerning it says---

“The bank hath benefit of interest on all monies which it creates out of nothing.”

The reign of paper money has been unspeakably profitable for such sources. As it comes to an end, we notice a former board member, George Comminos, of a leading silver company, was with N.M. Rothschild. N.M. Rothschild has undoubtedly been part of many underwriting syndicates for member companies of the Silver Users Association---that’s why they’d put out bearish talk on silver, along with the other bullion dealers. N.M. Rothschild is also a member of the London Bullion Merchant Association. Interlocked with this association we find the International Precious Metals Institute, and the Silver Users Association. So much for the bearish communiqué on silver they put out. On January 30, 1978, page 22, the Journal had an item that read---

“There isn’t any shortage of silver for industrial use, nor will there be a shortage in the future,” declares Handy & Harman, a major user of the metal.”

Lies, fabrications, and falsehoods, all the users seem to have graduated summa cum laude in lying. It seems easily believable that this same Handy & Harman wouldn’t hesitate to broadcast falsehoods on silver, when it and another Silver Users Association member, Englehard, were charged with price fixing by a Federal Grand Jury (June 25, 1962, page 10)! Also on this issue we note (January 17, 1979, page 38)---

“Others argue that supply and demand don’t affect silver’s price much these days. Silver’s price in 1978 was influenced primarily by the reduction in the value of the dollar, says Walter Frankland, president of the Silver Users Association. “Any moves the government makes to strengthen the dollar will take away upward pressure on silver,” he asserts. Mr. Frankland believes that the reduction of stocks in exchange warehouses “shouldn’t indicate a bullish market, silver is still available, it’s just in someone else’s hands” he says.”

Well, to these users, if there’s one milligram of silver above ground in the entire world, even that shouldn’t indicate a bullish market. As for silver

being in someone else's hands, they've long made it their business to get it out of those other hands, and into their hands, at give-away rates. But we're getting to the end of the line with that. Indian silver is dispersed among hundreds of millions of owners, none of whom think or reason like the lunatic central bankers. India isn't going along with the Silver Users program, and we silver investors sure as hell aren't going along with it either. We have several good mining companies also, who have the notion that their silver is for shareholder benefit and will mine it when the users lose control of the price. I tell you, China is a junior partner in this enterprise. The controlling factors are in New York and London. HSBC, a users association member, is the old-line British finance house that handled opium funds for the British Empire when it had 400 million addicts in China. If you want a refresher on influences working with China, I suggest you read "Silver Devils" in the Archives here. U.S. corporate interests dealing with China, represented by the U.S./China Business Council and the National Committee on U.S./China Relations, have formidable military-industrial connections. My belief remains the only thing that could induce the Chinese Reds to dump silver at rates sustaining the Comex short cartel, is missile technology transfer.

Proof? Not being on the inside, I can only offer circumstantial suggestions that this has taken place (see "Silver Devils.") If this is the case, it's for Congressional hearings to establish. As a line from Schwarzenegger's "Eraser" (1996) said---

"I didn't know treason was part of the corporate strategy!"

As for China gaining a monopoly on world silver refining, the only thing that could really guarantee that is highly restrictive environmental laws. Since it will take several years to start silver production at inactive sites where infrastructure is nil, in the same time frame, new smelting capacity can be built. In any case, something interesting has been going on with China and those who like the silver price to be low. Consider a press release by the NYMEX/COMEX on March 18, 1998---

"The members of the New York Mercantile Exchange last night elected executive committee member Albert Helmig to a two year term as vice chairman. Mr. Helmig, a seven-year board member has also been on the executive committee for the last five years. He is the chairman of seven Exchange committees, vice chairman of ten, and serves on several others.

Mr. Helmig also serves on the board of the International Precious Metals Institute and is a member of the National Committee on U.S./China Relations.”

The International Precious Metals Institute has at least three directors who are also directors of the Silver Users Association---here we find a strong link bringing together China, the Comex, and the Silver Users Association! Clearing members of NYMEX, parent of COMEX, include banking interests interlocked with Silver Users Association companies. Enron Corporation of fraud fame is still listed as a clearing member, right beside Englehard (Silver Users Association). The COMEX is an organ controlled by the users. How long can the users continue to borrow from past production to sustain their low price addiction? China certainly didn't have all the silver it accumulated from the silk and spice trade, to bestow upon the users. For instance, as we find in “China And The Flow Of Silver” by Frank W. Fetter (Geographical Review, published by American Geographical Society, New York, January 1936), he noted on page 43 that in just six months in 1934, over 170 million silver ounces left China, primarily due to the Silver Purchase Act of 1934, and went into the U.S. Treasury. Even after China placed restrictions on silver leaving the country in October 1934, co-author Herbert M. Bratter (page 47) noted, “the gross outflow was considerable.” Consider another comment he made (page 47)---

“Our large Treasury purchases in London have been drawing on China to an extent that dwarfs not only current mine production but the 1930 eastward flow of silver.”

Wherever silver flows, the users are chasing it, and with stunning success have gotten it as cheaply as possible. IN THE TIMELINE OF THIS AFFAIR, THERE CANNOT BE MORE THAN MINUTES REMAINING! Silver is overdue to blow up. When it happens Frankland will probably fly North with hat in hand after throwing a fit to the CFTC about “excesses in speculation”, to call on the head of a well known silver holding company to hedge all future production to avoid the (nonexistent) threat of India dumping silver. Knowing as we do the nature of the man who runs this company, he might use a line from Clint Eastwood's 1968 film “Coogan's Bluff” on Walter---

“Let's make it simple---GET THE HELL OUT OF MY OFFICE AND DON'T COME BACK!”

The press release by Wujun Tang amounts to the users holding a pair of deuces and trying to bluff us with the royal straight flush we're holding. In addition to that lie, there have been many lies about this silver company by a certain woman at a well known message board who evidently went short the stock and is desperate to cover as prices have risen, so has her output of lies. I understand from a company source that its president has received at least 3 phone calls from people wanting it to do a private placement and these people are desperate short sellers who've been summarily hung up on. They only conduct such capital raising from existing shareholders known in sympathy with management's wish to produce only at a free market price. Silver has been grossly underpriced for at least two generations and the sudden sharp increases will stun those unaware of the situation.

A POEM BY WUJUN TANG?

While vacationing at the Kodak resort on Mars,
I looked at the Earth & saw so many silver bars,

Piled very high in China, as to form a high mountain peak!
It's our severe oversupply---and I'm a lying freak!

Frankland called me and said keep spreading the word,
That silver is the worst investment of which we've ever heard!

Our severe oversupply could rebuild the Great Wall for its entire length,
We belch out more dirty lies whenever silver shows some strength!

Savoie thinks we have questionable interaction with U.S. groups,
And wonders---did we trade silver for missile tech to help our troops?

