

Why is Putin stockpiling gold?

Commentary: Russia is bulking up its gold reserve

September 05, 2012 | Brett Arends

Like 44

Tweet 21

Share

Email

Print

Security Guard Services

Browse Security Guard Services Local Listings on YELLOWPAGES.COM.
yellowpages.com

Swiss Gold Bars-1 Oz

Low Prices-Daily Quotes-Free Shipping-Expert Advice-30 Yrs Experience.
www.golddealer.com

Gold Selling Guide

Read our Helpful Guide on How to Sell Your Gold for Cash Today!
CanDoFinance.com/SellingGold

This Stock Will Explode

You Need to Know About this Next Awesome Penny Stock! Read More.
www.PennyStockCircle.com

I can't imagine it means anything cheerful that Vladimir Putin, the Russian czar, is stockpiling gold as fast as he can get his hands on it.

According to the World Gold Council, Russia has more than doubled its gold reserves in the past five years. Putin has taken advantage of the financial crisis to build the world's fifth-biggest gold pile in a handful of years, and is buying about half a billion dollars' worth every month.

It emerged last month that financial gurus George Soros and John Paulson had also increased their bullion exposure, but it's Putin that's really caught my eye.

No one else in the world plays global power politics as ruthlessly as Russia's chilling strongman, the man who effectively stole a Super Bowl ring from Bob Kraft, the owner of the New England Patriots, when they met in Russia some years ago.

Putin's moves may matter to your finances, because there are two ways to look at gold.

On the one hand, it's an investment that by most modern standards seems to make no sense. It generates no cash flow and serves no practical purpose. Warren Buffett has pointed out that we dig it out of one hole in the ground only to stick it in another, and anyone watching this from Mars would be very confused.

You can forget claims that it's "real" money. There's no such thing. Money is just an accounting device, a way of keeping track of how much each of us produces and consumes. Gold is a shiny and somewhat tacky looking metal that is malleable, durable and heavy. A recent research paper by Duke University's Campbell Harvey and co-author Claude Erb raised serious questions about most of the arguments in favor of gold as an investment.

But there's another way to look at gold: As the most liquid reserve in times of turmoil, or worse.

The big story of our era is not that the Spanish government is broke, nor is it that Paul Ryan apparently feels the need to embellish his running record. It's that the United States, which has dominated the world's economy for several lifetimes, is in relative decline.

As was first reported here in April of last year, according to International Monetary Fund calculations, the U.S. is on track to lose its status as the world's biggest economy—when measured in real, purchasing-power terms—to China by 2017.

We will soon be the first people in two hundred years to live in a world not dominated by either Pax Americana or Pax Britannica. This sort of changing of the guard has never been peaceful. The declines of the Spanish, French and British empires were all accompanied by conflict. The decline of British hegemony was a leading cause of the First and Second World Wars.

What will happen as the U.S. loses its pre-eminence?

Maybe this will turn out better than similar episodes in the past. Maybe the Chinese will embrace an open society and the rule of law. If you believe that, there is probably no reason to hold any gold.

GOLD to Blow Up in 2012?

Don't trade GOLD until you get our trusted free weekly trading advice!
www.TheBestNewsletters.com

Free Trading Class

Learn to Trade Like a Pro with a Free Trading Class Near You!
www.TradingAcademy.com/FreeClass

Security Guard Services

Need Security Guard Services? Browse Listings on YELLOWPAGES.COM.
yellowpages.com

Penny stocks soaring 900%

Come experience penny stock gains with our free & accurate newsletter
www.PennyStocksUniverse.com

Partner Center »

Get Free Level II Quotes.

Trade free for 60 days with TD Ameritrade



Try our research FREE for 30 days

Compare Brokers

MarketWatch Broker Center VISIT NOW



Trade Free for 70 Days at Scottrade®. Open a New Account.

From The Archives

Equities in Moscow end mixed

November 21, 2008

Gold demand stands at 800.3 metric tons in Q3: WGC

November 19, 2009

Mexico adds 93.3 metric tons of gold to reserves

May 4, 2011

Free Trading Class

Learn to Trade Like a Pro with a Free Trading Class Near You!
www.TradingAcademy.com/FreeClass

Penny Stocks

Learn The Basics Of Penny Stock Investing. You Can Turn A Profit Today.
lionpennystocks.com

GOLD: Buy, Sell, or Hold?

Don't trade GOLD until you get our trusted free weekly trading advice!
www.TheBestNewsletters.com

Related Keywords

[Financial Crisis](#)

[World Gold Council](#)

[Vladimir Putin](#)

1 | 2 | [Next](#)

Featured Articles



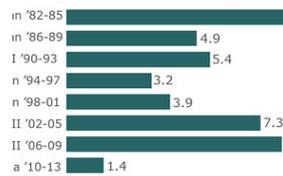
Facebook hits new low as targets slashed



10 things Apple won't tell you

Fastest spending in decades

Annualized growth of federal spending



Obama spending binge never happened

More:

[Odds tilt in favor of Fed move in September](#)

[Who inherits your iTunes library?](#)

[10 things the post office won't tell you](#)

[10 things Amazon won't tell you](#)

[GM's dead Volt?](#)

[Microsoft's unhealthy relationships](#)



Copyright 2012 MarketWatch, Inc. All rights reserved.
By using this site, you agree to the [Terms of Service](#) and [Privacy Policy](#) -
UPDATED 10/18/2011.
[Index by Keyword](#) | [Index by Date](#)

Intraday Data provided by SIX Telekurs and subject to [terms of use](#). Historical and current end-of-day data provided by SIX Telekurs. Intraday data delayed per exchange requirements. Dow Jones Indexes (SM) from Dow Jones & Company, Inc. All quotes are local exchange rate. Real time last sale data provided by NASDAQ. More information on [NASDAQ traded symbols](#) and their current financial status. Intraday data delayed 15 minutes for Nasdaq, and 20 minutes for other exchanges. Dow Jones IndexesSM from Dow Jones & Company, Inc. SEHK intraday data is provided by SIX Telekurs and is at least 60-minutes delayed. All quotes are in local exchange time.