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# The Cheviot Sound Money Conference

'A discussion of precious metals as money'

London, England



Essay by  
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# **Elements for monetizing the silver ounce in British Pounds**

# First condition

The coin shall **not** bear an engraved monetary value.

The **Treasury** will attribute a quote, a monetary value in pounds to the ounce.

The quote will serve the same function as an **engraved value**.

# The method for monetization

Prices registered on December 1<sup>st</sup>, 2010:

Spot silver: **\$28.74** dollars/oz.

Dollar/British Pound: **0.639**

# The method for monetization...

Spot price of silver in British Pounds=  
**£18.36**

*Plus*

Cost of minting: **50 pence** (estimated) = **£18.86**

*Plus*

10% seigniorage : **£1.88** (suggested) = **£20.74**

*Rounded up*

To the next higher multiple of **50 pence**

**Monetary value of the UK silver ounce:      £**  
**21.00**

## Second condition

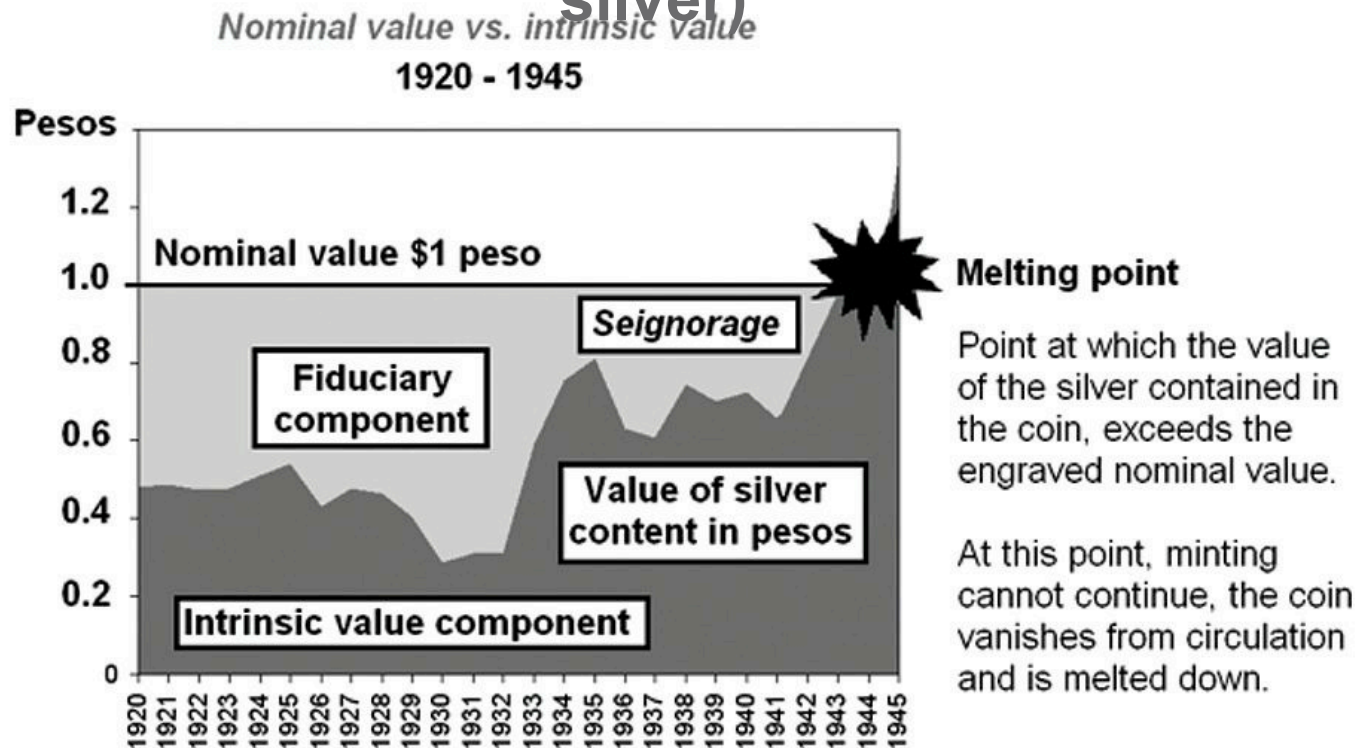
The last monetary quote given to the ounce by the issuer must **not be reducible**.

Just as is the condition of **present British pound** coins and bank notes.

If the quote is allowed to fluctuate in value downward, according to the price of silver, then the ounce **will not be currency**: it will continue existing as a

# What happens when the price of silver falls?

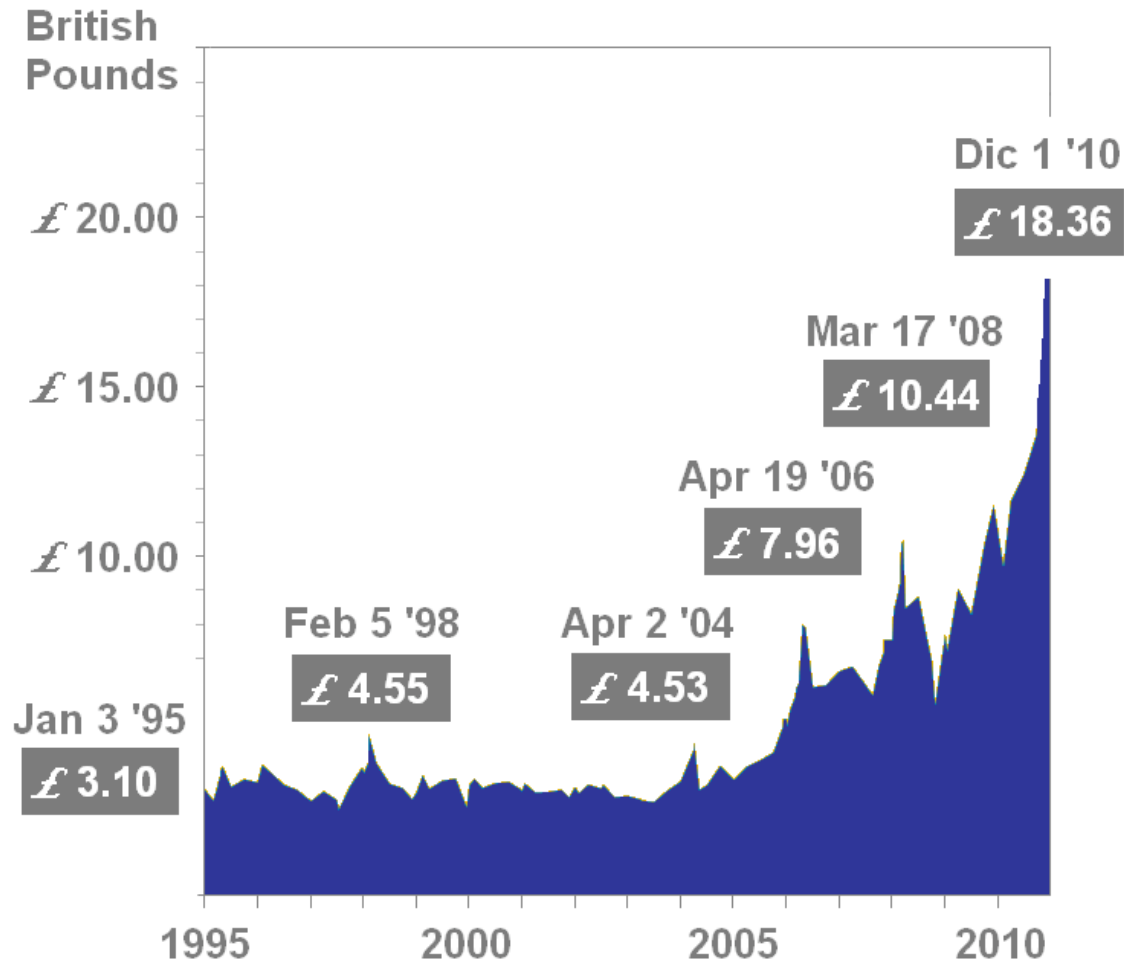
The case of the Mexican Peso .720 Fine (12 grams of pure silver)



Nothing happens!

Graph 1

**Silver ounce's value as commodity**  
*(in British Pounds in **gray**)*  
**1995 - 2010**



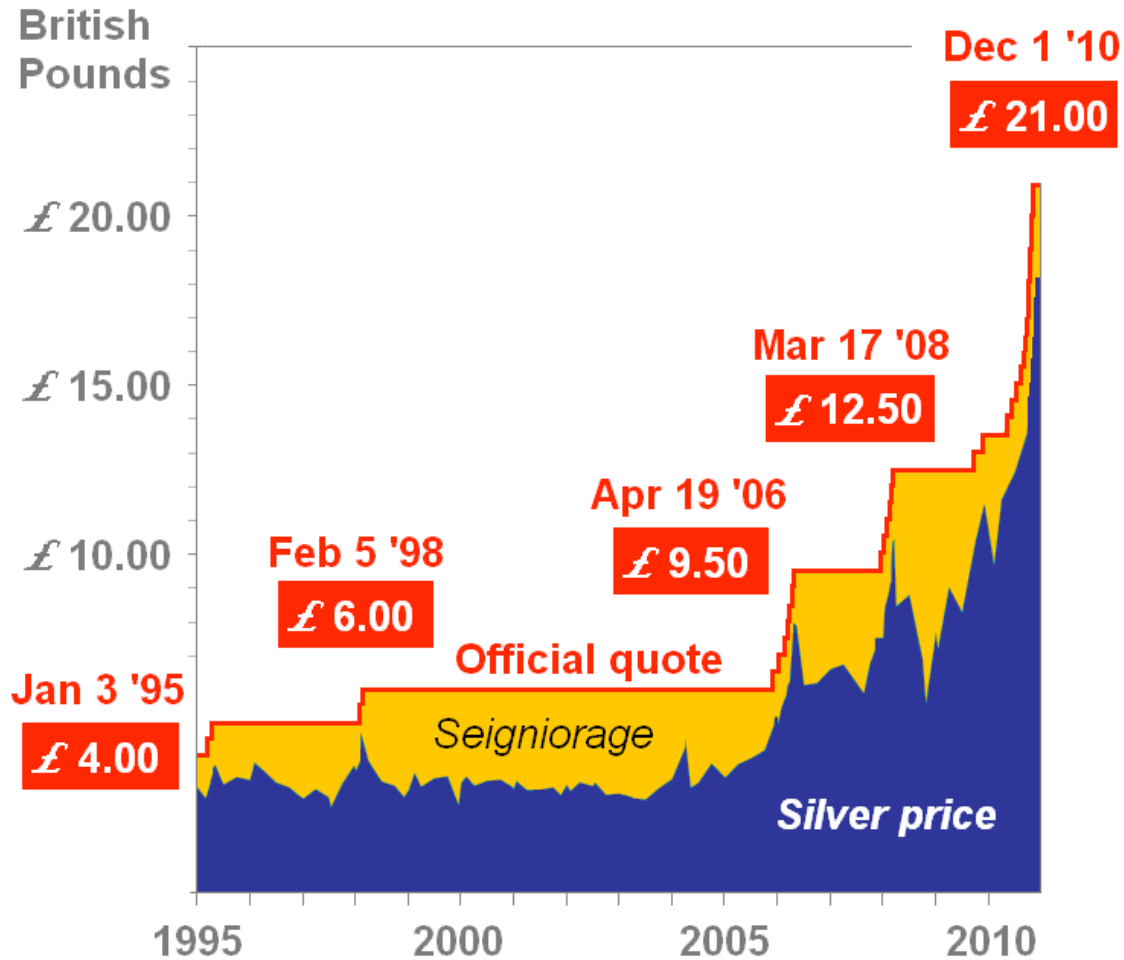


Graph 2

## UK silver ounce's value if monetized in 1995

(in British Pounds in **red**)

1995 - 2010



# **Minting silver without a mining industry**

# ‘Conditioned Mint’

## Three conditions

1. The amount to be minted is determined, from time to time, by the **Treasury**.
2. The silver is purchased by the Treasury and minted for the account of the Treasury, and not for the account of the **providers** of the silver.
3. The silver purchase is paid to the sellers in **monetized silver coins** with a monetary value in British pounds equal to the purchase

## Example of a minting operation of 100 tonnes of silver under 'Conditioned Mint'

*(Silver prices on December 1<sup>st</sup>, 2010)*

100 tonnes of silver = 3,215,074 Troy ounces x  
£18.36/oz =

**£59,028,759** purchase price.

Quote of the monetized silver ounce: **£21.00**

*How many monetized ounces would be required to  
pay those who sold 100 tonnes of silver to the Treasury?*

# Example of minting operation...

## Ounces delivered

(100%) 3,215,074 £18.36 spot price /oz.  
**£59,028,759**

## Seigniorage

(12.6%) 404,181

## Ounces returned

Although the seller only receives 87.4% of the silver, he obtains the full price of the silver, in British Pounds, in form of monetized ounces.

# Reasons for the sellers to accept selling their silver under these terms

They will get full payment in British pounds, but in the form of **real money**.

The sellers can **deposit** these monetized coins in British banks at their monetary value.

The coins, monetized in British pounds, are **immune to devaluation**; they can only rise in value.

Demand for a silver coin monetized in pounds would be **worldwide**.

Eventual use as an **international reserve**.

Enhanced **prestige** of London as financial centre.

A **gradual** and non-disruptive way to reintroduce real money into circulation in Britain and the world.

Perhaps open the way for later reinstatement of **gold** as international numeraire.



**The world is waiting for the sunrise**

Modern banking systems have completely **usurped** this fundamental function of the State: issuing money.

They have arrogated unto themselves the function of being the **central promoters** of growth and prosperity.

Thus have the money-lenders promoted themselves into a ruling **plutocracy**, which is now bankrupt.

By minting real money, the prevailing paradigm of fiat money, issued exclusively by the Central Bank and its related system **will have been broken!**

The **State**, through the Treasury, will be creating true money.

Silver money will remain **permanently** in circulation and will never be at risk of disappearing due to a collapse of the banking system.

**Tension** building .

Welfare State **or** personal savings.

But how to save **effectively**?

Silver money: mute but unexpressed desire because **no one** is providing such money.

Silver money **closes** a circuit.

A vast **potential** is unleashed.

**Enormous** demand for silver  
money.

Should we dread what the people desire, or should we **understand** that desire and its justification, and open the way for it to express itself?



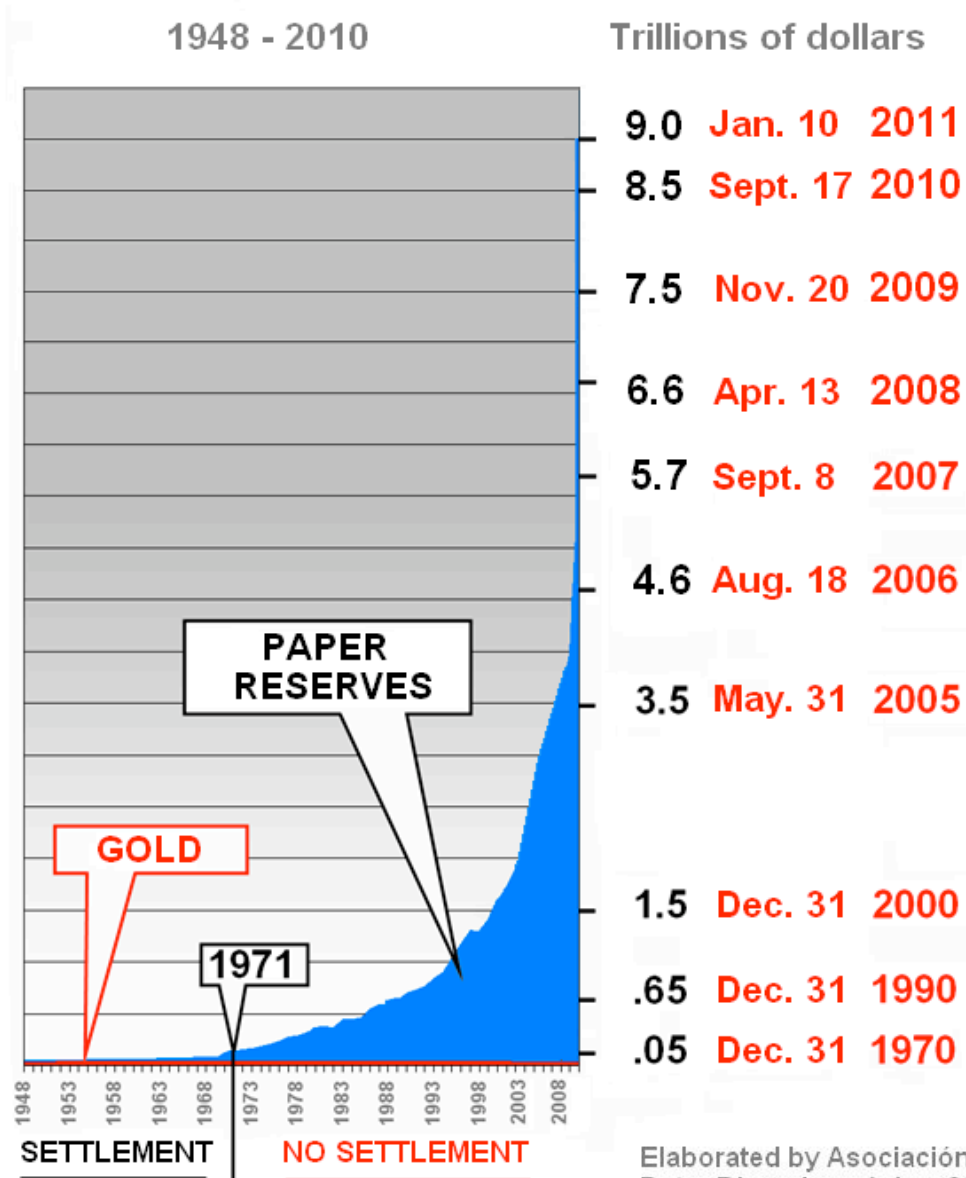
A **political party** offering silver money.

A **powerful** political platform.

**The world is waiting for the sunrise!**

# PAPER RESERVES IN CENTRAL BANKS

Gold at constant price of \$35 dls./oz.



Elaborated by Asociación Cívica Mexicana Pro Plata, A.C.  
Data: Bloomberg / Jan, 2011.