LONGWAVE GROUP

1998-2006
Gold and the Dollar
Past Predictions

Technical Analysis of Gold, Silver and Associated Shares.

January 22/23 2006

Ian Gordon's Quotes: Gold and the Dollar

The following 25 excerpts are quotes from the Long Wave Group newsletters written by Ian Gordon from March 1998 – January 2003. For up to date newsletters and information please visit the Long Wave Group website at www.longwavegroup.com

1. "If gold rises in inflationary times, it absolutely soars when the major countries of the world are consumed by deflation."

Ian Gordon, March/April 1998

2. "Gold is the only commodity that rises in value during times of deflation because it assumes its real commodity purpose which is to act as money"

Ian Gordon, May/June 1998

3. "Gold's principal role in the world is to be the money of last resort ie., when the value of paper collapses, as it is now doing all over the world, gold replaces paper as a store of value. No paper money has ever withstood the test of time and government ineptitude."

Ian Gordon, May/June 1998

4. "The days when the US Dollar is considered as good as gold are numbered."

Ian Gordon, July/August 1998

5. "Gold performs well in times of increasing financial, economic and political uncertainty. The world is facing a more uncertain financial and economic future than in almost 70 years."

Ian Gordon, October/November 1998

6. "Gold is the only internationally recognized financial asset that is not someone else's liability. It is the historic shelter from financial chaos. For 4000 years gold has been viewed as the money of last resort."

Ian Gordon, October/November 1998

7. "Today the only thing backing the dollar is debt. It makes far more sense to buy gold today as a hedge against banking failure and dollar depreciation."

Ian Gordon, December 1998/February 1999

8. "I am confident that gold will replace paper as a true store of value – and that this psychological change will dramatically contribute to significantly higher gold prices."

Ian Gordon, December 1998/February 1999

9. "The increased demand for gold is due to renewed fears about the stability of the US financial system. It is merely a precursor to the huge demand for gold that will erupt worldwide when the enormity of the US asset bubble is revealed by the subsequent crash." *Ian Gordon, September 1999*

10. "…the world's central banks realize the gravity of the world economic situation. Paper assets are ridiculously overvalued and a US stock market crash could come at any time. Gold is once again becoming the investment of choice."

Ian Gordon, September 1999

11. “There can be little doubt that the coming winter season will itself contribute to the failure of the current world monetary system based upon a pure fiat floating rate paper money system under the leadership of the US dollar.”

Ian Gordon, September 1999

12. “Gold and fiat money can never co-habit peacefully. Anytime a government has introduced paper money and gold or silver concurrently, the specie money has stopped circulating and the fiat money has lost its value.”

Ian Gordon, September 1999

13. “The price of gold in US dollars was fixed at $20.67 per ounce until 1933, when it was increased to $35 an ounce by President Roosevelt, co-incident with a dollar devaluation of 69%. If the price of gold had been floating as it is now, there is no telling how high it might have gone, given the huge demand of the time. Now that the price floats it will go considerably higher, pulling the value of gold stocks with it. An approximate rule of thumb is that stocks appreciate three times the increase in the price of gold.”

Ian Gordon, April 2001

14. “The price of gold under-performed during the Kondratieff autumn but it will out perform during the winter. It will be the next super investment bargain…”

Ian Gordon, April 2001

15. “Throughout history all debt bubbles have eventually burst, bankrupting creditor and debtor alike. This collapse of paper assets (stocks, bonds, and real estate) causes a flight to gold and cash, accompanied by a deep distrust for paper.”

Ian Gordon, April 2001

16. “During the early stages of a Kondratieff winter, the monetary system usually collapses. The US abandoned the bi-metal system in 1873 and subsequently adopted the gold standard. Then in 1931 the gold exchange standard system collapsed. Given the fragility of the dollar based as it is on a mountain of debt, it can be confidently predicted that this system, too will fail.”

Ian Gordon, April 2001

17. “Over the past 21 years, gold has performed very poorly against paper, as would be expected. But it has still outperformed the dollar. Despite the fact that the US is doing everything it can to keep the price of gold down, the precious metal has still risen from $35 in 1971 to $260 today (April 2001) The Kondratieff winter promises that the pace of dollar depreciation versus gold will dramatically increase in the next few years.” *Ian Gordon, April 2001*

18. “Given that the price of Gold is no longer constrained by a gold standard, the price for it is likely to soar, as investors bail out of paper assets including paper money (which is over burdened by debt) and panic into gold. The prices of gold shares will emulate the metal itself and should perform even better then they did in the 1930’s, when the price of gold was fixed initially at $20.67 and ounce and then raised by only 69% to $35 an ounce.”

Ian Gordon, January 2002

19. “Gold in the ground is just as good as gold in the bank. In fact the only way you can safely hold a claim on a large quantity of gold is through the purchase of shares in gold mining companies with large ore reserves.”

Donald Hoppe, LWA Newsletter January 2002

20. “The gold bull market is already in progress, but it has gone unrecognized, except by the few astute investors, who know that the seasons have changed.”

Ian Gordon, January 2003

21. “… gold and gold equities are very scarce and massive buying of the monetary metal will have a huge positive impact on price and will dramatically drive up the price of the few companies that mine gold and the few companies that explore for it.”

Ian Gordon, January 2003

22. “In the previous Kondratieff winter, which started with the collapse of US stock prices in 1929, the world monetary system, based on gold, collapsed, following Great Britain’s abandonment of gold in September 1931. The simple reason for the failure of the monetary system at the time was because it was too restrictive. At the time governments were unable to print excessive amounts of money to fight the growing economic calamity. It is for exactly the opposite reason that this Kondratieff winter will see the collapse of the international monetary system. A paper money system imposes no restrictions on the amount of money that can be produced. Unfortunately, the US has taken maximum advantage of that prerogative, and as a result has created an enormous debt bubble, which will now collapse into the Kondratieff winter. This collapse will lead to the disintegration of the world monetary system, based on the dollar.”

Ian Gordon, January 2003

23. “The worldwide abandonment of the dollar will in turn lead to panic buying in gold, which will, fulfill its traditional function as money of last resort.” *Ian Gordon, January 2003*

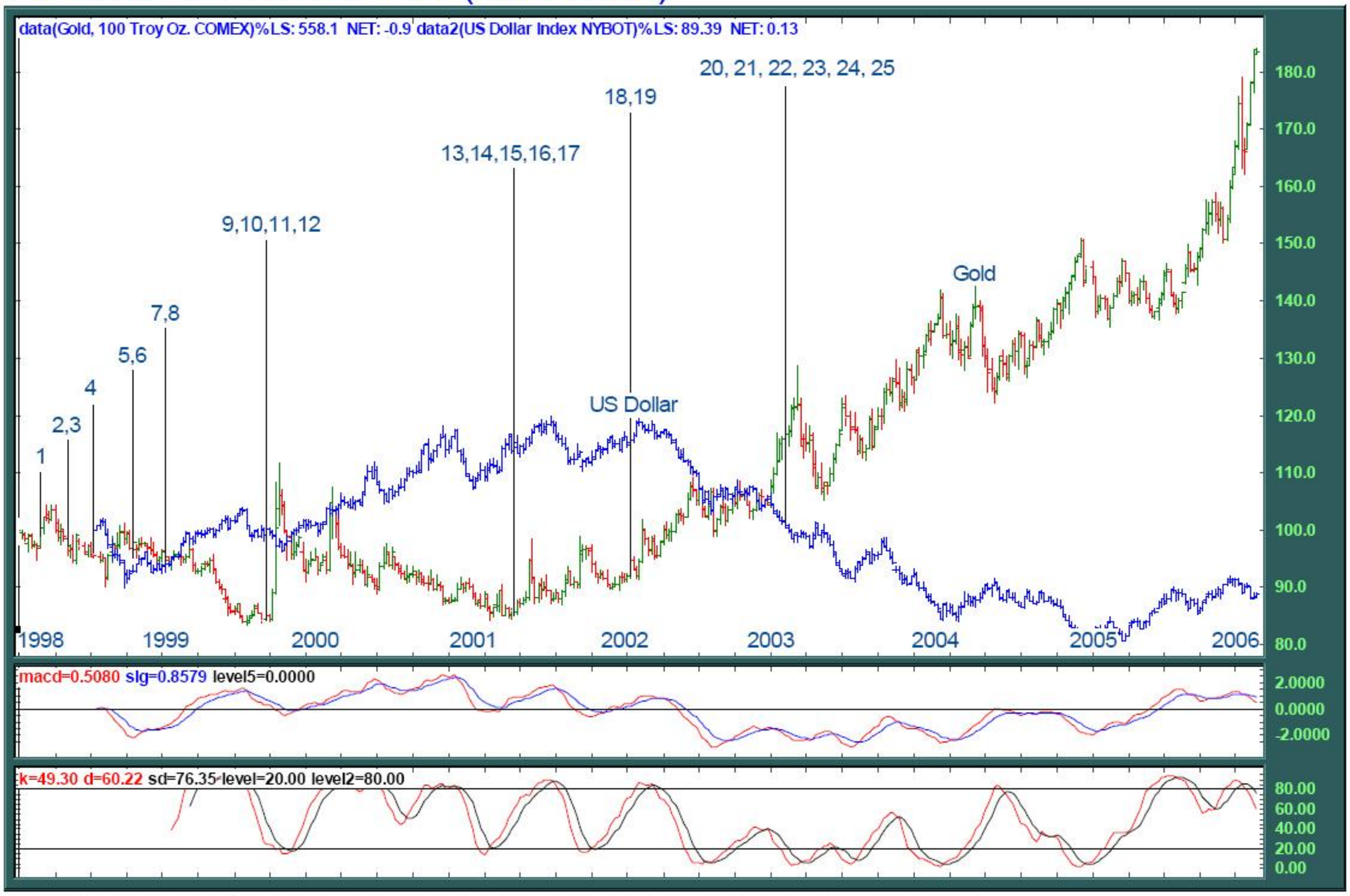
24. “When the Kondratieff winter begins with the peak in the stock prices (2000 and 1929), gold becomes the investment of choice, because the outlandish excesses in autumn lead to severe financial distress and monetary chaos.”

Ian Gordon, January 2003

25. “When stocks are very high priced compared to gold, its time to sell stocks and buy gold. This always occurs at the end of the (Kondratieff) autumn.”

Ian Gordon, January 2003

US Dollar VS Comex Gold (1998-2006)



**The numbers on this graph correspond to the date of each quote listed in this report*