

Finally home, Bundesbank's gold goes on show

April 22 2018, by Michelle Fitzpatrick



Germany's Money Museum strikes gold as eight bullions go on display

All that glitters is definitely gold in a new exhibition at Germany's central bank that lifts the veil on the nation's massive reserves of the precious metal, partly to reassure sceptics that the prized ingots are really there.

Europe's top economy and export powerhouse has the world's second-

largest [gold](#) reserves after the United States, but for decades almost none of the roughly 3,400 tonnes of yellow metal, worth a staggering 117 billion euros (\$145 billion) today, could be found on German soil.

To keep the gold safe from a possible Soviet invasion during the Cold War, as well as for other historical reasons, the bars were instead stored in the treasuries of central banks in New York, London and Paris.

But growing public pressure spurred the Bundesbank to bring half its reserves home, a feat it completed last year through a series of cloak-and-dagger shipments from the Federal Reserve, the Bank of England and the Banque de France.

The bullions are now kept under lock and key in a secret location in the bank's basement in Frankfurt—except for the eight bars on display at its Money Museum as part of the exhibition "Gold. Treasures at the Deutsche Bundesbank", which runs until September.

"We're doing this to show citizens that the gold bars are here, to show transparency," Bundesbank board member Carl-Ludwig Thiele told reporters, standing next to the gleaming 12-kilo (26-pound) bars in glass display cases.

"We want there to be trust in the Bundesbank central bank as an institution, and in the reserves of the Bundesbank. And you can only win trust through transparency."

'Where's the gold?'

The bank has attributed its gold repatriation efforts largely to a changed geopolitical context.



Out with the new, in with the gold: an 1871 medal on display at the Money Museum

But some say the real impetus came from criticism from politicians and members of the public in recent years, who wondered aloud whether the Bundesbank was keeping close enough tabs on the nation's riches abroad.

The grumbles mounted during the eurozone debt crisis, which sent investors fleeing for safe havens like gold.

Among the loudest critics was eurosceptic Peter Boehringer, now a member of parliament for the far-right AfD party, who launched a "Bring home our gold" campaign that made national headlines.

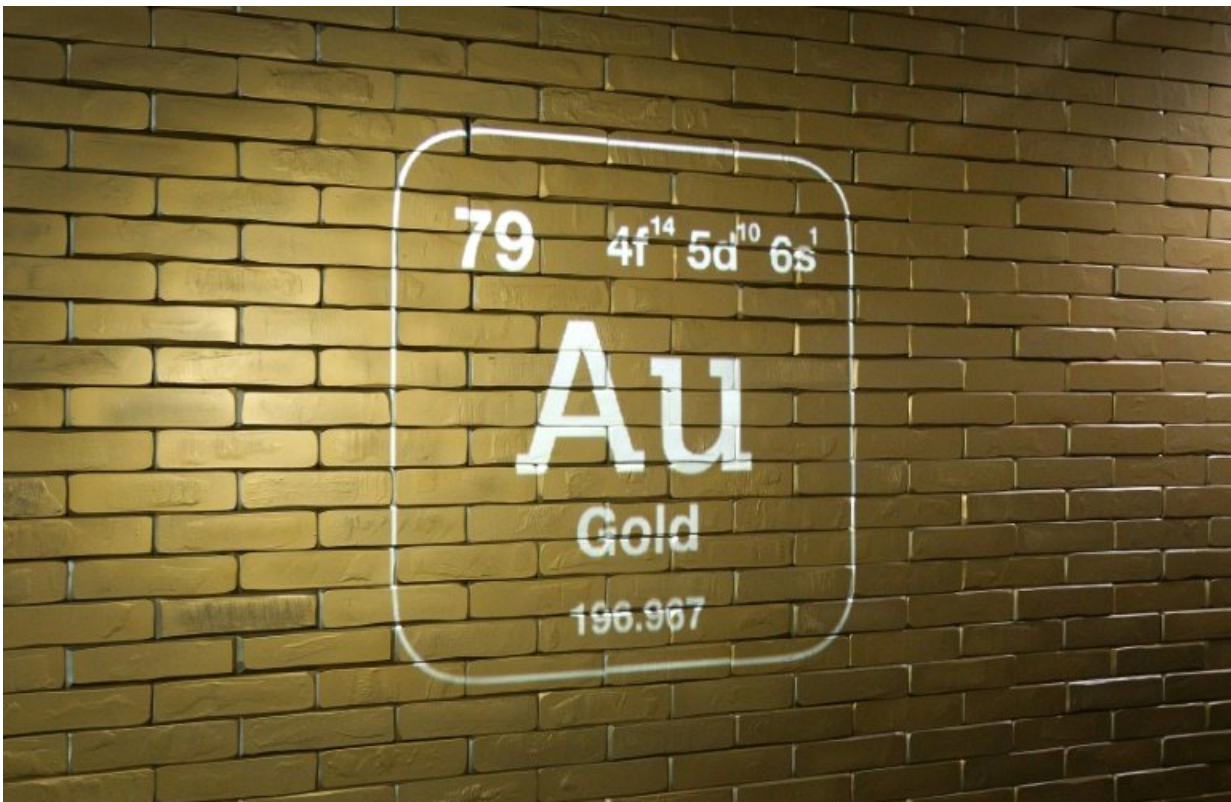
"Especially during the years of the financial and sovereign debt crisis, the Bundesbank was confronted with the desire for detailed information about the gold," said Thiele.

"It even went so far that some questioned whether the gold holdings at home and abroad were real."

In 2013, the Bundesbank unveiled a plan to bring home half its 270,000 ingots.

In the eyes of 63-year-old Bernhard Loederbusch, one of the visitors at the museum, it was the right decision.

"If you own something, you should have it at home. All it takes is for a conflict to erupt abroad and before you know it the gold is gone," the former banker told AFP, after poring over the rare coins also on display.



Visitors can gasp in awe at the gold bars on display at the Money Museum

'Money, power, greed'

Today, 1,710 tonnes of gold are kept in Frankfurt, with just over 1,200 tonnes remaining in New York and around 430 in London.

The Bundesbank last year brought back the last of its stash stored in Paris, saying that since both countries share the euro currency, having gold in French vaults would be of little use to Germany in a crisis when the metal would need to be quickly converted into liquidity.

But bank officials say keeping the rest of the German treasures overseas makes sense as the Fed is home to the number one reserve currency and London is the world's leading gold trading centre.

Germany, which had no gold at all after World War II, accumulated its riches in the post-war years known as the "economic miracle", when its exporting prowess saw it run up large trade surpluses with other nations.

Under the Bretton Woods system, which allowed countries to convert surpluses into gold at a fixed rate of \$35 per ounce, it built up huge stockpiles of gold.

US president Richard Nixon abandoned the system in 1971, as the dollar's value plummeted against the yellow metal.

While gold today is no longer as vital to the financial system as it once was, it remains "an anchor of stability", the ultimate safe harbour in

uncertain times, the Bundesbank says.

To Germans, whose national consciousness is still scarred by the hyperinflation of the Weimar Republic in the 1920s, the tangibility of gold is key to its enduring appeal.

Loederbusch said seeing the gold up close was "impressive".

"It embodies everything: money, power, greed. This is what people were killed for, what wars were fought over. Gold is fascinating."

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