

## PRESS RELEASE

### GOLD HOLDS VALUE OVER TIME

#### *The Golden Constant proves gold's long-term value and unique investment qualities*

**August 26, 2009, New York** – A new edition of the influential book *The Golden Constant: The English and American Experience* by the late Roy W. Jastram, shows that gold has an enduring ability to hold its real value over time. World Gold Council (WGC) today announced the release of the new edition, which includes two additional chapters by Jill Leyland, former WGC Economic Adviser, examining the period from 1971 to 2007.

Jastram's book was the first attempt to compile and publish long-run statistics on the price of gold and inflation that spanned several centuries, and then used this data to examine in depth how the purchasing power of gold varied between 1560 and the 1970s. As the book was originally published shortly after the connection between the price of gold and the U.S. dollar was discontinued, it was too early to include an assessment of how gold's purchasing power would behave under the new regime.

The conclusions about the behavior of the purchasing power of gold differ somewhat between the periods before 1971, when the gold price was controlled, and after, when it was free. Nevertheless, one conclusion remains unchanged: Gold maintains its purchasing power over long periods of time even though, over shorter periods, it has fluctuated significantly. Additionally, the updated version includes the following findings:

- Gold was a clear hedge against major inflation of 1970's and also against the small rise in inflation this decade
- The freeing of the gold price caused changes in the relationship between prices in general and the gold price
- Gold, partly because it is no-one's liability, has the ability to be a safe haven in times of political and economic stress

Leyland commented:

"One of the most striking aspects of gold is its ability to hold its real value over time. Looking not just at the US and the UK but also at countries such as Germany, France and Japan, we see that gold has proven to be a safe haven through some of the darkest times of the 20th century. And it has also proven its worth through many difficult economic periods, including the current financial crisis.

When Jastram called his book *The Golden Constant*, he was not just referring to the constancy of gold's purchasing power but also to its constancy in other ways. Gold does not corrode or rust and it has the ability to act as a safe haven during times of need. The underlying reasons gold appeals to humans - the need for security and the desire to possess and enjoy beauty- do not change. And the behaviour of its purchasing power over the centuries is yet another of its elements of constancy."

Pierre Lassonde, former Chairman of WGC and author of the foreword in the new version of *The Golden Constant*, said, "This book, more than any other I have read, has given me a lifelong passion for understanding the complex role of gold in our societies. It is as complex as we are human."

*The Golden Constant: The English and American Experience 1560-2007* by Roy W. Jastram with updated material by Jill Leyland. Published 2009 by Edward Elgar Publishing ([www.e-elgar.com](http://www.e-elgar.com)), hardback, 368 pages, ISBN: 978 1 84720 261 1, US\$140

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World Gold Council's mission is to stimulate and sustain the demand for gold and to create enduring value for its stakeholders. It is funded by the world's leading gold mining companies. For further information visit [www.gold.org](http://www.gold.org).

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