

onto the market can be absorbed. Once it has been absorbed, the market will become preoccupied, not with the surplus gold hitting the market now but by the amount of next year's production which was sold in the early months of 1988. Then there will be a massive bear squeeze and the Chinese will be laughing all the way to the bank.

Far Eastern buyers have shown a remarkable knack for absorbing gold at what hindsight says was a very good price level. On the other hand, Asian investors have tended to wring out their golden sponges when the gold price gets ahead of itself. They've sold when the price has run up ahead of inherent value. In the West, on the other hand, "Investors tend to buy when it's fashionable, and sell when it's cheap." Right now, the West is selling, and the East is buying. And the record indicates it's a good time to buy when a falling gold price brings crowds of buyers into the gold shops of Bangkok's Chinatown. Like now.

### More on the IRS and Foreclosures

If people go through the emotionally and financially devastating experience of losing their home through foreclosure--something that will become tragically common in the years ahead--they can count on a second whack from the IRS.

A steelworker in Baytown, Texas, lost his job and then his home. Thanks to the Texas real estate market, the bank wrote the \$80,000 mortgage loan off as valueless. The man then received a notice from the IRS that he and his wife owed back taxes and penalties on \$80,000 in unreported income!

Says the IRS: if a lender takes a house back at a value less than the outstanding loan--something that is all too common now in Texas, and that will be replicated nationwide--the difference will be considered taxable income.

This is just one of the many things we owe to the 1984 tax law--courtesy of Ronald Reagan, Bob Dole, and Tip O'Neill.

### Come to Vienna With Us

The Ludwig von Mises Institute is sponsoring the first conference on Austrian economics and investing in Vienna, Austria, May 23-31, 1988. Speakers include Mark Skousen, Doug Casey, Gary North, Murray Rothbard, Adrian Day, Burt Blumert, and Lew Rockwell. We'll see where Austrian economics began, study it, and learn about investing with it. If you'd like to join us, there's still time. Phone the Travel Group at 305-629-2290.