



Politics Versus Gold

One of the many slick tricks of the Obama administration was to insert a provision in the massive Obamacare legislation regulating people who sell gold. This had nothing to do with medical care but everything to do with sneaking in an extension of the government's power over gold, in a bill too big for most people to read.

Gold has long been a source of frustration for politicians who want to extend their power over the economy. First of all, the gold standard cramped their style because there is only so much money you can print when every dollar bill can be turned in to the government, to be exchanged for the equivalent amount of gold.



When the amount of money the government can print is limited by how much gold the government has, politicians cannot pay off a massive national debt by just printing more money and repaying the owners of government bonds with dollars that are cheaper than the dollars with which the bonds were bought. In other words, politicians cannot cheat people as easily.

That was just one of the ways that the gold standard cramped politicians' style — and just one of the reasons they got rid of it. One of Franklin D. Roosevelt's first acts as president was to take the United States off the gold standard in 1933.

But, even with the gold standard gone, the ability of private individuals to buy gold reduces the ability of the government to steal the value of their money by printing more money.

Inflation is a quiet but effective way for the government to transfer resources from the people to itself, without raising taxes. A hundred dollar bill would buy less in 1998 than a \$20 bill would buy in the 1960s. This means that anyone who kept his money in a safe over those years would have lost 80 percent of its value, because no safe can keep your money safe from politicians who control the printing presses.

That is why some people buy gold when they lose confidence in the government's managing of its money. Usually that is when inflation is either under way or looming on the horizon. When many people start transferring their wealth from dollars into gold, that restricts the ability of politicians to steal from them through inflation.

Even though there is currently very little inflation, purchases of gold have nevertheless skyrocketed. Ordinarily, most gold is bought for producing jewelry or for various industrial purposes, more so than as an investment. But, at times within the past two years, most gold has been bought by investors.

What that suggests is that increasing numbers of people don't trust this administration's economic policies, especially their huge and growing deficits, which add up to a record-breaking national debt.



Written by [Thomas Sowell](#) on September 28, 2010

When a national debt reaches an unsustainable amount, there is always a temptation to pay it off with inflated dollars. There is the same temptation when the Social Security system starts paying out more money to baby boom retirees than it is taking in from current workers.

Whether gold is a good investment for individuals, and whether the gold standard is the right system for a country, are much more complicated questions than can be answered here. But what is clear is that the Obama administration sees people's freedom to buy and sell gold as something that can limit what the government can do.

Indeed, freedom in general cramps the government's style. Those on the left may not be against freedom in general. But, at every turn, they find the freedoms granted by the Constitution of the United States hampering the left's agenda of imposing their superior wisdom and virtue on the rest of us.

The desire to restrain or control the buying and selling of gold is just one of the many signs of the inherent conflict between the freedom of the individual and the left's attempts to control our lives.

Sneaking a provision on gold purchases and sales into massive legislation that is supposedly about medical care is just one of the many cynical tricks used to circumvent the public's right to know how they are being governed. The Constitution begins, "We the people" but, to the left, both the people and the Constitution are just things to circumvent in order to carry out their agenda.

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