Inside Track

Forbes: Return to Gold Standard Within Five Years

Steve Forbes
AP Images

Media mogul and former presidential candidate Steve Forbes told *Human Events* in July that the Federal Reserve's inflationary policies have become so destructive that a return to the gold standard is likely within five years. "People know that something is wrong with the dollar," Forbes said in an exclusive interview with the conservative news magazine, laying the blame for the currency's infirmity squarely on the Fed, which he said is like "a bull in a china shop" that "can't help but knock things down."

"You cannot trash your money without repercussions," Forbes asserted. Those repercussions are all too familiar to Americans outside the financial and political elite: the still-deflating housing bubble, ever-rising prices for most other goods and services, increasing unemployment, and decreasing standards of living.

Human Events notes that Rep. Ron Paul, the author of *End the Fed* and a longtime advocate of sound money, is the "only probable 2012 presidential candidate who has championed a return to the gold standard," but adds that Forbes thinks "the idea 'makes too much sense' not to gain popularity" in the current economic climate. Forbes is encouraged that other influential members of Congress, such as Rep. Paul Ryan (R-Wis.), are beginning to question the Fed's policies as well.

Capitol Hill isn't the only place where gold is beginning to get its turn in the limelight. Several states are considering measures to establish gold and silver coin as legal tender within their borders, and Utah has already passed such legislation. South Carolina Rep. Mac Toole (R) explained why he supports the legislative measure in his state: "I'm no financial expert but I am smart enough to know that you can't keep printing money when it has no backing." Americans seem to be waking up to that fact at long last, and Forbes can obviously read the mood of the country.

Getting onto a gold standard of some sort within five years, as Forbes predicted, is eminently possible. Paul has, for example, suggested legalizing currencies that could compete with Federal Reserve Notes

— currencies that necessarily would be precious metals-based for them to gain acceptance — a move that could happen relatively quickly in a legislative sense, with the fast-moving free market taking over from there. States, as mentioned above, are already beginning to take matters into their own hands via legal tender laws. However, if such laws fail to make an alternative currency practical, they can always adopt the plan for "electronic gold or silver" outlined by Edwin Vieira, Jr. ("Mending Our Monetary Maladies," May 9 issue). Vieira says his plan could be up and running "in approximately 60 to 90 days after the necessary statutes were enacted."

Zimbabwe Looks to Gold Standard

AP Images

It looks like Ron Paul and Steve Forbes aren't the only ones talking about the gold standard for what Paul has called an "honest currency" that won't be made worthless by inflation. The central bank of Zimbabwe, where hyperinflation is not a stranger, is considering adopting a gold-backed currency, according to a May report in the *New Zimbabwe*.

The government there "ditched the Zimbabwe dollar in 2009 after it had been rendered worthless by record inflation levels and adopted multiple foreign currencies with the US dollar, the South African rand and the Botswana being the most widely used," the report said. Finance minister Tendai Biti says the country needs at least six months' import cover and a sustainable track record of economic growth, inflation stability, and above 60 percent capacity utilization in industry before the "Zim dollar" can be brought back into circulation. But Dr. Gideon Gono, head of the central bank, said the country should consider adopting the gold standard.

"There is a need for us to begin thinking seriously and urgently about introducing a Gold-backed Zimbabwe currency which will not only (be) stable but internationally acceptable," he said. "We need to re-think our gold-mining strategy, our gold-liberalisation and marketing strategies as a country. The world needs to and will most certainly move to a gold standard and Zimbabwe must lead the way." The huge budget deficits accumulated by the United States are leading to a resistance to relying on the U.S. dollar as a base currency, Gono said. The central bank chief warned that the U.S. greenback's days as the world's reserve currency are numbered, the *New Zimbabwe* report said.

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Indiana Supreme Court Says Citizens Can't Resist Rogue Police

Indiana Supreme Court Justice Steven David (second from the right) is applauded by fellow justices on the court. From left to right, they are Frank Sullivan, Jr., Brent E. Dickson, Chief Justice Randall T. Shepard, and Robert D. Rucker. *(Photo credit: AP Images)*

Citizens have "no right to reasonably resist unlawful entry [to their homes] by police officers," Indiana's Supreme Court declared May 12 in a controversial 3-2 decision, *Richard L. Barnes v. Indiana*.

Justice Steven David wrote for the court in the decision that "this Court is faced for the first time with the question of whether Indiana should recognize the common-law right to reasonably resist unlawful entry by police officers. We conclude that public policy disfavors any such right." Justice David acknowledged that he was overturning many centuries of common-law precedent in favor of his "public policy" decision, admitting: "The English common-law right to resist unlawful police action existed for over three hundred years, and some scholars trace its origin to the Magna Carta in 1215."

Fellow Indiana Supreme Court Justice Robert D. Rucker issued a blistering dissent, claiming: "The common law rule supporting a citizen's right to resist unlawful entry into her home rests on … the Fourth Amendment to the United States Constitution. Indeed, 'the physical entry of the home is the chief evil against which the wording of the Fourth Amendment is directed.'" Rucker added that the "majority sweeps with far too broad a brush by essentially telling Indiana citizens that government agents may now enter their homes illegally — that is, without the necessity of a warrant, consent, or exigent circumstances. And that their sole remedy is to seek refuge in the civil arena."

The consequences of the *Barnes* decision are frightening. If a policeman enters a man's house to rob him or rape his wife or daughter, under this decision, a citizen cannot legally resist him. Indeed, even shouting at the police officer to stop could be considered a crime of interfering with a police officer. The court ruled in the *Barnes* decision that protesting illegal police conduct verbally — without any physical resistance — constituted a crime.

Justice David concluded: "A right to resist an unlawful police entry into a home is against public policy and is incompatible with modern Fourth Amendment jurisprudence. Nowadays, an aggrieved arrestee has means unavailable at common law for redress against unlawful police action." Those modern means, according to Davis, include: "(1) bail, (2) prompt arraignment and determination of probable cause, (3) the exclusionary rule, (4) police department internal review and disciplinary procedure, and (5) civil remedies."

But, of course, the 21st century has seen numerous examples of government denying bail, indefinite detention without a *habeas corpus* hearing, and use of secret evidence in "military commissions" courts that the federal government created during the Bush administration and are now being created under the Obama administration.

Fannie & Freddie: Still Mortgaging America's Future to Stay in Business

Three years after the feds took over their already failing "government-sponsored enterprises" Fannie Mae and Freddie Mac, the two mortgage companies are still bilking taxpayers in order to stay afloat — and Fannie's rescue is now slated to become "the most expensive bailout of a single company" in history, the Associated Press reported in May.

Fannie said it lost $8.7 billion in the first quarter of 2011, as a result of which it is now asking for $8.5 billion more in federal aid, "more than three times the federal aid it sought in the previous quarter," says the AP. Fannie has thus far cost taxpayers almost $100 billion in bailouts, making it the largest bailout of a company in U.S. history. A Reuters report added that Freddie "lost just under a billion dollars" in the first quarter but "did not request any new money from the government."

The two companies are expected to cost taxpayers $259 billion by the time all is said and done. Of course, that $259 billion is only to cover bad loans made during the housing bubble, prior to the government's conservatorship of Fannie and Freddie. However, under the current circumstances, it seems likely that the losses and concomitant bailouts will continue mounting, and someday Americans may look back wistfully upon the day when they thought they would get socked for "only" $259 billion for these two money pits.

For example, Fannie and Freddie together "own or guarantee about half of all mortgages in the U.S., or nearly 31 million home loans worth more than $5 trillion," the AP explained. With home prices continuing to decline (1.8 percent on average during the first three months of 2011), more and more homeowners are defaulting on their mortgages, leaving Fannie and Freddie — and ultimately taxpayers — holding the bag.