



Written by [Christian Gomez](#) on August 27, 2010

Ron Paul Calls for Audit of U.S. Gold Reserves

In an exclusive interview with Kitco News, Congressman Ron Paul (R-Texas) revealed that next year at the start of the newly inaugurated 112th United States Congress, he would introduce a new bill to audit the U.S. gold reserves, which are reportedly stored at the New York Federal Reserve and Fort Knox.

The reason behind this bill is that in the event “we ever get around to deciding we should use gold in relationship to our currency, we ought to know how much is there,” Paul told Kitco.



“Our Federal Reserve admits to nothing, and they should prove all the gold is there. There is a reason to be suspicious, and even if you are not suspicious, why wouldn’t you have an audit?” said Paul.

This is not the first time Rep. Ron Paul has suggested that there be a full audit of the country’s gold reserves. Paul recalled that “In the early 1980s when I was on the gold commission, I asked to recommend to Congress that they audit the gold reserves — we had 17 members of the commission and 15 voted not to [recommend] the audit.”

The two votes in favor of an audit came from the two gold advocates who pushed for the creation of the commission in the first place — Senator Jesse Helms (R-N.C.) and Rep. Ron Paul.

At the time, Sen. Helms and Rep. Paul were the leaders of Congress’s gold coalition, which included Republicans Sen. James McClure of Idaho, Sen. Barry Goldwater of Arizona, Rep. Philip Crane of Illinois, Rep. James Collins of Texas, Rep. Steven Symms of Idaho, and Democratic Rep. Larry McDonald of Georgia, the latter of whom was at the time also a National Council member of the John Birch Society.

In fact, Rep. McDonald introduced a similar bill to that of Ron Paul’s newly proposed 2011 gold reserve audit bill. In 1979, Rep. McDonald sponsored H.R. 555, entitled: “A bill to require the Comptroller General of the United States to audit annually the gold held by the United States on the first day of each fiscal year and to report his findings to Congress.” McDonald presented the same bill again the next year, this time as H.R.555, and was unable to garner any cosponsors.

A few years earlier, on August 8, 1974, Rep. Phillip Crane introduced H.R. 16345, entitled, “A bill to provide for an audit by the General Accounting Office of all gold owned by the United States.” He too was unable to gain support for his gold reserve audit bill.

Although McDonald and Crane’s respected gold reserve audit bills received no cosponsors at the time, Ron Paul hopes to ride the wave of his recent landmark Federal Reserve Audit bill that passed the House this past year, but was eventually gutted in the Senate by Sen. Bernie Sanders of Vermont.

If Paul’s Federal Reserve audit were able to pass the House and make strong headway in the Senate, despite Democratic majorities in both houses of Congress, then come January, with a potential newly-



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elected “Tea Party” Congress, Paul’s bill to audit U.S. gold reserves might make headway. It would be fundamentally important to any future plans to return to a pure gold standard.

The last and only time that an audit was performed on the gold held in Fort Knox was issued within hours of President Dwight Eisenhower’s inauguration on January 20, 1953. After 20 years of Democratic rule in the White House and President Franklin Roosevelt’s Executive Order 6102 of April 3, 1933, in which private ownership of gold was outlawed, the American people had become worried whether all of the gold that FDR and the federal government confiscated was still in storage.

Ron Paul cited this audit of over 50 years ago as the “only one decent audit done”; however, Chris Weber from [LewRockwell.com](#) summarized the various problems with that audit as follows:

1. Representatives of the audited group were allowed to make the rules governing the audit. No outside private experts were allowed.
2. Those government bureaucrats involved were inexperienced in their tasks, by their own admission.
3. The entire audit of the largest gold hoard ever concentrated in history lasted only seven days.
4. Only a fraction of the gold was actually tested for purity. Later, the officials put this fraction at just 5 percent.
5. Based on that fraction, the official committee reported that, in their opinion, all the holdings would have matched their records if they’d all been tested.
6. If the audit was accurate, the fact remains that almost 80 percent of the gold went overseas in the coming years. If the audit was not accurate, the amount of gold lost could have been even more.

Although that audit may have satisfied the American public of 1953, which “was still used to accepting official government statements at face value,” Weber writes, in the decade since then Americans “have lost much of their respect and belief in the words of their government,” as a result of scandals and lies ranging from President Lyndon Johnson’s Gulf of Tonkin incident, the sinking of the *USS Liberty*, Richard Nixon’s Watergate fiasco, Bill Clinton’s lying under oath about his sexual affair with Monica Lewinsky to President George W. Bush and Secretary of State Colin Powell’s false “irrefutable” evidence that Saddam Hussein was building “weapons of mass destruction” and possessed direct links to the September 11 attacks.

With a great many Americans having lost faith in their government, any audit of U.S. gold reserves will not come without scrutiny, but 50 years since there was an actual full audit, one wonders if the gold is still there. After all, as Alex Newman pointed out in [The New American](#), the United States government has been using the gold to keep the price of gold low against the dollar so that Americans don’t become aware of the amount of inflation that has been occurring owing to the government’s and Federal Reserve’s money policies.

When asked if he thought “there is any truth to claims that there is no gold in Fort Knox or the New York Federal Reserve,” Paul replied, “I think it is a possibility.”

That possibility alone is one reason why Paul says there should be an audit, and as he said before, “even if you are not suspicious, why wouldn’t you have an audit?”

In the interview Paul expressed discontent over the [new tax burdens for selling gold](#) in transactions of \$600 or over that was passed in Section 9006 of the Patient Protection and Affordable Care Act, commonly known as ObamaCare. In regard to this Paul said, “For every transaction of over \$600, gold



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dealers have to fill out a form; it is a lot of paperwork.”

As for whether he would run for President in 2012, Ron Paul remained elusive, offering his usual response that it was still too early to tell. If Paul does run and win, he would be the first President since Ronald Reagan seriously to consider returning to a gold standard, and hopefully the first President since William McKinley actually to have such a proposal enacted, such as the Gold Standard Act of 1900.

In Ron Paul’s office is a portrait of President Grover Cleveland, who like Rep. Larry McDonald was a hard-money constitutionalist Democrat. Regardless of Paul’s political willingness to run or not for the presidency, one thing is sure: come January 2011, he will push for an audit of the United States’ gold reserves in his effort to restore sound economic policies consistent with the U.S. Constitution.



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