



Written by [Bruce Walker](#) on July 20, 2011

Gold Hits Record High — and It's Going Higher

People invest in what they believe will be safe. Real estate, historically, has been a good investment for most Americans. But when the federal government pushes and bribes big lenders to make imprudent loans, and the predictable avalanche of defaults occurs, then an artificial glut of housing drives down the market price and strips hard-working families of the investment that had been the principal economic asset of the family.



When the price of energy is high, then the investment market ought to push up the price of energy company stocks. This influx of private funds would not be a “windfall” for anyone. Capital is needed to explore for oil, build nuclear power plants, mine coal, and build pipelines and refineries. But when the federal government closes off land for energy exploration, places public relations driven moratoria on drilling in the Gulf Coast, imposes regulations that make coal mining uneconomical, and bullies energy companies with threats of more punitive actions, then the price of energy stocks stays lower than the need for private capital would suggest in a free market. Even buying oil can be an uncertain investment as the economic meltdown of economies drives down the price of oil. So, while in a free market the need for more and cheaper energy would make this area of the economy a good investment, interference with the free market creates realistic doubt.

The same is true, to a large extent, of private securities in general. Which industry should earn investment dollars? Should people invest in the fast food industry? What happens to those stocks when nanny-state regulators require warning labels on Big Macs? Or what happens when anti-Christian troublemakers threaten Chick-fil-A because its owner is a kindly and generous elderly Christian? What happens when someone sues Burger King because he ate so many Whoppers that he became one himself? The complex of statist officers, litigious loafers, and scandal-mongering media makes otherwise sound investments wobbly risks.



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Foreign currencies and bonds can be a good investment in this sort of climate, but when Greece and Portugal have their bonds reduced to junk bonds, when the euro teeters on the edge of free fall, and when the nations of Western Europe look more like dominos than major economies in the world, then foreign bonds and currencies are also a bad investment.

There is one investment, in times when sensible people do not trust the honor or prudence of government officials, which has great appeal: gold. Diamonds, another form of portable wealth, require expertise to evaluate and while these are good investments in troubling times for those who know what they are doing, that expertise is vital. Gold, by contrast, needs only to be pure to be valuable and that value is easy to judge.

Gold is rising very fast these days. It is now \$1,600 an ounce, a record high price for this most fundamental of precious metals and also a symbolic barrier that can influence investors. It spiked, briefly, at a high of \$1,607.40 an ounce. The price of gold has now risen for 11 consecutive days. [That is the longest period of daily increases in 31 years](#). Anyone who watches television can see all the advertisements for gold — and most people want the actual gold, not stock in a gold mine or even gold futures, which reflects just how anxious and worried most Americans are these days.

The price of gold in dollars also has to compete with the price of gold in other currencies and in other nations. Americans are not alone in feeling that the mandated currency of their country is backed up, these days, with little more than the smiling faces of politicians. Silver also has been rising fast, at \$40.34 an ounce, the highest since early May. Precious metals in general are high. Platinum, for example is selling at over \$1,770 an ounce.

How high will gold go? Gold will go as high as voters in nations whose crushing burden of debt, entitlements, and taxes allows it to go. Utah has already made gold legal tender, and [Congressman Paul recently pressed Ben Bernanke](#) of the Federal Reserve System whether he considered gold to be “money.” This “expert” in currency was unable to present a plausible response, and state governments, trying to protect their citizens, are more and more considering the language of Article I, Section 10, Paragraph 1, which provides that no state shall “make any Thing but gold and silver Coin a Tender in Payment of debts.”

When gold rises high enough, when a critical mass of states enact laws making gold legal tender within their borders, when enough business flees states with fiat money into states like Utah with stable and actual money, then our nation will have reached a foundation point from which we can grow again. When gold was money and when currency was backed by gold, then this precious metal was a poor investment. Now, it seems, gold is the only game in town.



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