



Small Gold Buyers Face Big Government Burdens

Gold has always been the bane of big government planners. The precious metal has, from time immemorial, constituted real and portable wealth. Diamonds have, too, but expertise is required to judge the value of a small bag of diamonds. Gold is valuable in an utterly predictable and consistent way.

Take a gold coin; weigh it; and the owner knows just how much value he possesses. The very term we use to define our currency, the “dollar,” reflects a particular measurement of gold. So, before the federal government ordered a monopoly on currency, banknotes represented the confidence that a particular bank would redeem, as promised, an exact measurement of gold.



Ordinary Americans, facing a federal government which perceives no limits in its power to govern every aspect of our lives, have run to gold as their defense against hyper-inflation, draconian controls, and other nasty characteristics of Big Brother running our economy. This has not gone unnoticed. One of the “reforms” in ObamaCare, hidden in the mountain of legislative text, is a requirement that each transaction in gold — if the sales price in the transaction is greater than \$600 — must be accompanied by an IRS 1099 Form. Given the current price of gold, which reflects the lack of confidence in governments here and across the Atlantic, the \$600 per transaction limit effectively means *all* transactions in gold.

The paperwork will be a nightmare for those who deal with average Americans making modest purchases of gold. What makes this particularly nettlesome to ordinary American buyers and sellers is that the profit margin for sellers on these individual transactions is low. So these businesses, which provide goods to the middle class, will either have to increase their price, to cover the cost of each small transaction, or go out of business. The very rich and those who sell them gold may purchase or sell millions of dollars in gold at a time and so they face no increase in paperwork or administrative headaches at all.

Another disturbing aspect to this massive increase in recordkeeping is that now the federal government will have records of which middle class Americans have purchased gold and so where this gold might be. Gold, like guns, has been a way of protecting citizens in extreme circumstances from tyranny. Nazi Germany and Soviet Russia both kept close track of firearms and precious metals in the possession of their subject populations. Why should America go down those familiar, dangerous paths?



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