

Presidential candidate Paul passionate over hard money Texas legislator once ran investment coin firm

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One of the 10 declared Republican candidates for the 2008 presidential race brings to the campaign a background that includes being a coin dealer and a longtime advocate for hard money: Ron Paul.

Although television debates give voters a chance to learn about the candidates, the format does not allow a full opportunity to discuss issues that each presidential hopeful may choose. While he has been able to make some passing references to fiscal policy and sound money, those topics are Paul's passions.

During the 1980s, as a member of the U.S. House of Representatives for Texas, Paul took stances on a number of bullion and hobby related issues and was the subject of numerous articles published in *Coin World*.

Some of the articles show that Paul continually advocated, on Capitol Hill and elsewhere, that the United States return to the gold standard.

In 1981, Paul became a member of the newly formed U.S. Gold Commission, which studied whether the United States should link its monetary system to gold, a step Paul strongly favored.

Beginning in 1982, Paul opposed legislation seeking to ban importation of the South African Krugerrand as a sanction against that African nation's apartheid policies (several Congresses debated the issue from 1982 to 1985; President Reagan banned Krugerrand imports in 1985 through an executive order).

Paul introduced the Coinage Act of 1983, calling for new legal-tender gold and silver coins (several years before authorization of the American Eagle bullion coins). The same year, he introduced legislation seeking a return to the gold standard. Neither measure gained passage.

In 1984 he co-introduced a bill requiring congressional approval of any new coinage and paper money designs; that bill, too, did not pass. He also sought in 1984 to require that the Bureau of Engraving and Printing save all test notes.

Paul was a guest speaker at several events at the 1988 American Numismatic Association anniversary convention, speaking during a meeting of the Industry Council for Tangible Assets and participating in an educational forum.

Coin World stories in the 1980s show that Paul was then critical of the Federal Reserve System and Federal Reserve notes.

During the 1980s, as the government overcame a decades-long aversion to resuming the production of gold coins, Paul traveled the country speaking on hard-money issues. He still considers such issues important and deserving of debate on the campaign trail.

In a recent telephone interview with *Coin World*, Paul discussed why ongoing inflation and currency debasement should be front-burner issues in a presidential campaign.

"Runaway inflation goes back to the Continental currency of the 1770s," Paul said, making one of the many historical references that he frequently cites. "Andrew Jackson worked to get rid of the Bank of the United States, which was the central bank of its time. Look at how we inflated the currency during the Civil War."

While his speaking style is usually congenial, Paul's tone becomes more intense when he discusses government spending and monetary policy.

"The monetary issue is going to become the main issue someday, and it relates directly to the size of government," he predicts. "Do we want sound money and freedom, or big government? My message is that monetary policy is a lot more important than anyone in Washington wants to think."

When he speaks of "sound money," Paul is referring to gold and silver or paper currency backed by precious metals such as the former silver certificates and gold certificates. To support that point, Paul and other "hard money" advocates (also known as gold-bugs) sometimes refer to Article 1, Section 10 of the Constitution. It says, "No State shall ... make any thing but gold and silver Coin a Tender in Payment of Debts."

Unbacked Federal Reserve notes issued by the semi-privately owned (despite the name) Federal Reserve System since 1913 clearly do not pass Paul's smell test, his qualifications for sound money.

"Treasury bills are sold to the Fed, and they create money out of thin air," he remarked. "We can't even adequately audit the Federal Reserve, which acts like a secret cartel."

Inflation is often defined as higher prices. While that may be true on the surface, the real meaning of the term is a decline in the value of currency. Paul says the process is taking place right before the inattentive eyes of Americans.

"We can't even afford a zinc standard anymore," he declared, referring to the above face-value cost of making 1-cent coins over the past year.

While Paul would like to see the Federal Reserve disappear if he is elected in 2008, he believes the process would take some time.

"It's really not easy," he admits. "I don't think you could just turn a switch and do it, but if we don't do something about the dollar, the market will. I would like to legalize competition in currency."

That could mean the return of gold and silver as a medium of exchange as well as contracts that call for payment in items other than paper.

"All disputes in gold clause contracts would be settled in gold coin, not Federal Reserve notes," Paul suggested. "Government doesn't have to be responsible under the current system."

Paul was first elected to the House to represent the 22nd District of Texas in a special election in April 1976; was defeated in November of that year and won his seat back in 1978. He voluntarily left politics in 1984 and returned to a full-time medical career (he retained a part-time practice during three House terms), where he has delivered 4,000 babies as a physician. Paul ran for his former seat in 1996 and is now in his 10th two-year term.

Not surprisingly, sound money and fiscal policy sparked Paul's interest in government. "I began getting interested in politics mainly through reading [Ludwig von] Mises and [Friedrich von] Hayek," Paul said. I became a true believer in sound money. Nixon getting us off the gold standard in 1971 was a disaster as far as inflation. It's sort of a shame that people are ignorant about the subject, but I have a hard time not talking about sound money."

Mises and Hayek, along with Murray Rothbard are members of the Austrian school of economics. The Austrian agenda sounds like Paul's economic prescription or his campaign literature: sound money, strictly limited government and individual liberty. Portraits of Mises and Hayek hang on the walls of Paul's Washington, D.C., office.

After leaving the House in 1984, Paul picked up 431,750 votes as the Libertarian Party presidential candidate in 1988. In addition to his obstetrics practice, Paul ventured into the coin business. Working with veteran professional numismatist Burt Blumert of Camino Coin in Burlingame, Calif., Ron Paul Coins specialized in hard assets.

The mail-order firm wasn't the place to shop for Proof copper-nickel 3-cent coins or early copper. Paul offered gold and silver bullion coins, pre-1965 "junk silver" (circulated .900 fine U.S. dimes) and gold \$20 double eagles to a clientele of goldbugs and hard-money advocates. He clearly enjoyed the experience.

"I did that for 12 years," Paul said. "It fit into my philosophy of monetary history. If you're buying an ounce of gold, you understand why gold is money. The gold market is a way to evaluate the health of the dollar."

Like other presidential candidates, Ron Paul's views on a number of other issues are no secret.

While almost all politicians says they are against higher taxes, Paul's 20-year track record as a member of the House of Representatives from the Houston area shows his speeches are more than lip service. Paul claims he has never voted for a tax increase, a bill that he believes is unconstitutional, any gun control legislation or a federal budget that contains a

deficit.

His dogged determination to rein in the size and scope of government has made Paul the perennial winner of the annual Taxpayer's Best Friend award from the National Taxpayers Union. Since he refuses to go with the Beltway flow, Paul's frequent lone stands of dissent have earned the former obstetrician the nickname "Dr. No," note multiple articles in the general media. At age 71, Paul is eligible to receive a congressional pension, but he refuses to accept that benefit.

Paul is not afraid to be a contrarian in other ways. His lone – and unwavering – voice of protest against the Iraq war among the 10 Republican candidates for president has attracted a fair amount of attention to his campaign.

"We should have a foreign policy of nonintervention. ... It follows the Constitution," Paul declared during the May 2 New Hampshire Republican debate, and he has stuck to that message in other debates and interviews since then.

While other GOP hopefuls have struggled to come up with even the smallest cuts when asked where they would reduce government spending, Paul said, "I would cut departments – the Department of Education, the Department of Homeland Security."

The Internal Revenue Service also makes Paul's future extinction list. As he sees it, a slimmed-down government that is far less intrusive and costly would have no need for an income tax.

Although Paul may not be a household name yet, he has become something of a cyberspace phenomenon. His video clips are among the most requested and viewed offerings on YouTube. Paul's campaign is also a popular online subject, and his supporters are known for their dedication, computer savvy and using the Internet to promote his campaign.

"I'm pleased to see such a favorable reception on the Internet, especially from young people," Paul said. "Government invasion of privacy, attempts to regulate the Internet and the war doesn't make sense to them."

Paul's political philosophy and motivating force for his presidential run can be summed up in a paragraph, he said. "I've always said the message of freedom isn't divisive. It unites people."