

Return to gold standard finds favor with Rep. Marsha Blackburn, GOP

Nevin Batiwalla | Tuesday, August 28, 2012

Returning to the gold standard, an idea largely reserved for the fringe of conservative politics for three decades, has gained favor from mainstream Republicans, including U.S. Rep. **Marsha Blackburn**, R-Brentwood.

Today at the National Republican Committee Convention in Tampa, Fla., the GOP is expected to call for a **commission to study restoring the link between the dollar and gold** as part of the party's platform.

The push isn't simply to make nice with Republican Rep. **Ron Paul** — a long-time proponent of the gold standard — and his delegates, according to Blackburn, co-chair of the party's platform committee.

"These were adopted because they are things that Republicans agree on," **Blackburn recently told Financial Times**. "The House recently passed a bill on this, and this is something that we think needs to be done."

Blackburn, scheduled to address the GOP convention this afternoon, was not immediately available for comment.

Critics of the idea, including leading bankers and economists, have said returning to the Gold standard — something fully abandoned in 1973 — is impractical and unlikely. They say it would hurt the dollar's credibility, prevent the central banks ability to tweak interest rates and tie the economy to something very volatile. To back the current U.S. monetary base of \$2.56 trillion, gold prices would likely **skyrocket to \$10,000 per ounce, according to Capital Economics**.

The proposal harkens back to 1981, when President **Ronald Reagan's** gold commission explored the idea but ultimately said "restoring the gold standard does not appear to be a fruitful method for dealing with the continuing problem of inflation."

Not everyone is against the idea. Here is conservative think tank the **Cato Institute making the case for gold**: "When government has the ability to abuse our trust, as in the case of purchasing its own debt or debasing its currency, it will inevitably betray that trust. In a more general sense, *The Case for Gold* is the case for limited government, a case for applying the rule of law to our monetary

arrangements, as opposed to the highly discretionary rule of man which now governs our monetary system. With the public's renewed interest in constitutional government, it is only fitting that such an interest extends to money."