

If It's Good Enough For Mickey, Why Not For Paul?

Washington Post
By, Alec MacGillis
November 19, 2007

http://blog.washingtonpost.com/the-trail/2007/11/19/if_its_good_enough_for_mickey.html



Pirate's booty valid at Walt Disney World. (Walt Disney World News).

News of a federal raid last week on a "sound money" outfit that is selling "Ron Paul Dollars," reported in [Saturday's Post](http://www.washingtonpost.com/wp-dyn/content/article/2007/11/16/AR2007111602267.html) (<http://www.washingtonpost.com/wp-dyn/content/article/2007/11/16/AR2007111602267.html>), is generating no end of quips in the blogosphere about what this development says about the Paul campaign's eye-popping recent fundraising success. Wags ask: How much of that record \$4.2 million one-day haul that Paul collected earlier this month actually came in the form of doubloons imprinted with Paul's face, not U.S. legal tender?

But these jokes may be missing the point entirely. In fact, the lack of confidence that many Paul supporters have in U.S. currency may well be one reason why they are sending so many of their greenbacks to Paul's campaign, and thereby making his outsider libertarian bid for the Republican presidential nomination a force to be reckoned with. For sound-money supporters who fear a coming collapse in the value of the dollar, it makes eminent sense to send a few hundred dollars to the one candidate who is arguing for a monetary revolution, instead of simply watching that money rapidly crumble in value.

As Exhibit A, consider Peter Schiff, a financial adviser and sound-money advocate whose Connecticut firm, Euro Pacific Capital, specializes in investing clients' money in overseas assets to spare them what he argues will be a destructive decline in the value of the dollar followed by major deterioration in the U.S. economy. Schiff, who earlier this year published the investment guide "Crash Proof," recently sent out a "call to action" e-mail to the 60,000 people

in his database urging them to send the \$2,300 maximum-allowed contribution to Paul's campaign, describing this as one of the most productive uses for their rapidly fading U.S. dollars.

"If you are fortunate enough to be one of my clients, writing a \$2,300 check should not be a problem. As I have likely made you tons of money over the years, here is an opportunity to donate some of it to a worthy cause. We have made our money by betting against the U.S and betting against the dollar. Giving \$2,300 of our winnings to Ron Paul gives us the opportunity to bet ON America for a change. And it's a bet none of us can afford to lose, and the best part about it is that if we all make this bet together we can't lose," Schiff wrote in the e-mail. "My penchant for foreign investments has from time to time caused some of my critics to label me unpatriotic. While such attacks are clearly out of line, using some of our foreign profits to secure the election of Ron Paul goes a long way toward defusing such allegations. If you are not a client and you think \$2,300 is a lot of money, it's not. In fact, if Ron Paul is not our next President, such a sum will be practically worthless by the end of the term of whoever is. So what do you have to lose? Just write the check and hope for the best."

In an interview today, Schiff said he expects that the federal raid on the National Organization for the Repeal of the Federal Reserve and Internal Revenue Code had added more weight to his argument for giving to the Paul campaign. "The federal government is debasing the currency and then it comes in and punishes people who are doing something to protect themselves," he said. "The fact that these guys would come in and raid this organization shows how much they've got to fear from this. If more and more people start shunning the currency, it takes away from their power."

Norfed, which is based in Evansville, Ind., says that in the last decade it has put into circulation more than \$20 million in "Liberty Dollars," metal medallions and paper certificates that it says are backed by silver and gold stored in Idaho. The group's founder and director, Bernard von NotHaus, says that federal agents seized more than 50,000 copper "Ron Paul Dollars" that the group was selling for \$1, in addition to smaller amounts of silver Ron Paul Dollars that sold for \$20, gold ones that went for \$1,000 and platinum ones that went for \$2,000. Agents also raided the Idaho minting company that makes the organization's medallions, seizing the huge pallets of silver and gold stored there, von NotHaus said.

The FBI and U.S. Attorney's office in western North Carolina, which is handling the case, have declined to comment on the raids, but an affidavit filed in Asheville earlier this month describes a two-year long undercover investigation of the group, based partly on evidence obtained by an informant who posed as someone wanting to become a regional associate for the group. The affidavit states the group is being investigated for federal violations including "uttering coins of gold, silver or other metal" and "making of possessing likenesses of coins." "The goal of Norfed is to undermine the United States government's financial systems by the issuance of a non-governmental competing currency," the affidavit states.

This argument met with ridicule over the weekend from the prolific on-line network of Ron Paul supporters and sound money advocates, some of whom sarcastically predicted that the feds would next be going after Disneyworld for selling "Disney Dollars" for use inside the amusement park. "Here is a Mickey Mouse coin issued by that criminal, separatist organization, the Walt Disney Corporation. Did someone fail Common Sense 101?" wrote one commenter on the Post's Web site, offering a link to an image of the offending Mickey dubloon.

Wrote another, "With commemorative coins advertised in every Sunday newspaper, and given the Donald Duck silver coins sold at Disney Land, this is an obvious attack on Ron Paul, a legitimate Presidential candidate, by the Federal Government. I am going to respond by going to Ron Paul's web site, easily found with Google, and giving \$100 today."

Lawrence White, an economics professor at the University of Missouri-St. Louis, said Liberty Dollar supporters had a point in charging overreaction on the part of the federal government. The question to be asked of Liberty Dollars, he said, is whether they make any sense for customers to buy -- while the certificates may offer a hedge for those convinced that the dollar will go in the tank, they come with the obvious downside that it is difficult to find others willing to accept the Liberty Dollars as a legal tender (though not in Berryville, Ark., where, according to the chamber of commerce, about half of the town's 80 merchants accept Liberty Dollars.) But that choice should be up to Americans to make, White said. "Unless they think people are being defrauded, it seems absurd to me," he said of the raid. "The public ought to have a choice. Thank goodness we have an alternative to the post office."

A spokesman for the U.S. Mint responded to questions today by pointing reporters to the "consumer alerts" portion of its Web site, which carries warnings against using Liberty Dollars alongside warnings against mistaking as legitimate currency coins including: "Silver surfer" quarters created to help market the Fox movie "Fantastic Four: Rise of the Silver Surfer"; a "Freedom Tower Silver Dollar" originating from the Commonwealth of the Northern Mariana Islands; and an "Elvis Presley 25th Anniversary Tennessee State Quarter Tribute."

A Paul campaign spokesman, Jesse Benton, today reiterated that the campaign has no connection with the Ron Paul Dollars (though supporters have taken pictures of grinning Paul next to the coins.) He said the campaign is seeing an "uptick" in Web site visits and contributions following reports of the raid. The real test of the campaign's fundraising strength, though, will come next month, when supporters are organizing another one-day fundraising "bomb" timed with the anniversary of the Boston Tea Party.

Von NotHaus is doing his part, urging on his Web site (which he says has seen a huge spike in traffic) that supporters respond to the raid by contributing to Paul, as well as urging them to sign up as part of a class-action lawsuit against the federal government over the coin seizures. He is biding his time at his home in Miami, expecting to be arrested and indicted sometime in the near future. In fact, he said today that he is kind of hoping that the government makes its move sooner than later, so eager is he to make a stand on the part of sound money theories.

"I'm sure I'm going to be arrested, and I'd be disappointed if I'm not," he said. "I want to get going. I think it's going to be exciting."