

Hawaii Libertarian

Monthly Newsletter of the Libertarian Party of Hawaii Vol. 21, No. 1, January 2003



From the Chair By Roger Taylor

We hope you are having a pleasant holiday season and that you give yourself and others the present and presence of liberty. May you discover the existence of at least one New Year's resolution that you can actually keep through out the year. Last year's resolution for me was self-discipline and I rate myself B+ in attainment. This year's resolution is self-determination. Aka – Economic Independence. It involves writing and digitized original paintings. Wish me Luck.

If I were to project a New Year's resolution onto the party it would be that membership services and functions would take a quantum leap forward. While I stand up for the light of liberty, I haven't attracted a volunteer who would on self-initiative take over the membership position. Now that the elections are over, membership expansion is our most vital functional.

Unlike National, we don't like to barrage you with fundraising appeals; especially at this time and after so many of you gave so generously to our candidates. However, we will be sending out a solicitation letter around convention time asking you to contribute to the day-to-day operating costs. Several members have been tossing around some fundraising ideas that will generate money outside the party as well.

Gold is again proving its value in a risky world

By George Trefgarne
Submitted by Jim Bracken

Imagine if the three wise men arrived in Bethlehem bearing frankincense, myrrh, and a promisory note signed by King Herod. Joseph would send them packing.

But that is exactly what would have happened if City analysts had anything to do with it. How else can we explain their 1990s fashion for dismissing gold as a "barbarous metal", which, just like any other

commodity, would supposedly fall endlessly in value as production got cheaper? Much better to rely on sophisticated paper currencies, we were told.

Well, those predictions have now been proved resoundingly wrong. Last week the price of gold went over \$350 an ounce, the highest level for six years. The return of gold as a store of value provides a classic lesson in markets. It shows they are cyclical and informed as much by human nature as by the spreadsheets of economists.

After falling to a low of about \$250 an ounce in 2001 - the level at which Gordon Brown foolishly decided to sell half Britain's gold reserves - the price recovered rapidly in the anxious days after September 11. So far, Mr Brown's decision has cost the country about £500m.

This recovery came as no surprise to those who prefer history as their guide. Take the warrior tribesmen of Afghanistan's Northern Alliance. They insisted that gold, and not lead, fill their pencil in the war against the Taliban. When Osama bin Laden was holed up in the caves of Tora Bora the Northern Alliance suddenly downed arms and refused to go in for the kill. They demanded more payment from the US Army.

In vain the Americans offered dollars and other paper currencies. Rupees? Afghanis? Euros? No thanks, they snorted. Any old warlord can print money. Not until some nice gold had been flown up from Pakistan would the Northern Alliance advance. By that time, it was too late and bin Laden had slipped away. Such behaviour illustrates a point made by Alan Greenspan, chairman of the US Federal Reserve. Asked by a congressional committee three years ago if America should copy Mr Brown and auction off the contents of Fort Knox, he said no. "We should hold our gold," he said. "Gold still represents the ultimate form of payment. Germany in 1944 could buy materials during the war only with gold. Fiat money [currency] in extremis is accepted by nobody. Gold is always accepted."

The British Asian community also retained its faith. On Ealing Road in Wembley, north London, there are more than 20 gold traders. Some Indian families spend thousands of pounds a year on gold, for weddings, birthdays and the Diwali festival. Gold bangles are

called "tickets" as they are worth the same as the cost of an airline ticket between Bombay and London.

Whisper it softly, but tickets are obviously a cheeky way for families to move assets around the world. Women simply wear them on their wrists, or even all the way up their arms and on their ankles, Bollywood-style. Let us hope the rise in gold does not signal that undesirable elements, such as al-Qa'eda, are using it to evade money-laundering regulations and to finance their operations.

Speculators and governments are now relearning the ancient gold lesson. In a world full of risks - which by definition are unknown and unquantifiable - you are better off putting your trust in a shiny heavy ingot which cannot be faked, any more than the pain if you drop it on your toe. Gold's value is not based on someone's promise to pay, whether it be from the US Treasury or the European Central Bank, the Bank of England, or even King Herod.

Which leads us to the other disease - apart from war - currently stalking global markets: deflation, or continuously falling prices. Deflation undermines company profits and consequently diminishes the value of assets like shares. The same analysts who spent the past two decades dismissing gold as a declining asset are now fretting about deflation. They have good reason to, as deflation has already taken hold in Japan and Germany and is slowly infecting America.

But the market is saying that deflation will be shortlived and the fear is overdone. For gold is a hedge against inflation. Inflation steadily undermines the purchasing power of paper currencies. If high street prices are rising, you get less bang for your pounds, or dollars or euros each year. But the precious metal tends to rise in price and retain its value when paper currencies lose theirs. That's one reason why gold hit \$800 an ounce during the great inflation of the 1970s. If the price of goods is deflating round the world, why then should the gold market be worried about inflation? The answer is that it has noticed that governments everywhere are showing signs of printing money to keep their economies going.

In America, there is talk that President Bush's new economics team will abandon the strong dollar policy and launch another tax cut programme, paid for by borrowing. This has weakened the dollar. In Japan, the government is borrowing so much it is planning to finance half its spending through debt next year. Japanese consumers, already worried about the banking system, are joining Indians as big buyers of gold.

And in this country, Gordon Brown has pensioned off Prudence and embarked on a borrowing binge unseen for a decade. Investors evidently believe that these measures

will stoke demand and hence inflation. They are buying gold just in case.

Let's not get too carried away. Gold bugs love rumours and conspiracy theories. The rise in the price has more behind it than mere sentiment. It is a natural result of the business cycle. During the long bear market, gold producers stopped opening new mines. Production is now falling, so there is a worldwide shortage. It takes two to three years to start a mine, so that shortage is likely to continue for a while yet.

One day gold will lose its shine again. But in the meantime, wise men will tuck some away.

I will be retiring as chair in May. Even though it isn't up to me, I have been asking people to take the chair position for the next 2 years and so far nobody has shown any interest. I'm sure somebody will step forward at the convention.

I will only make myself available if Executive Director funding is found and nobody else with some experience and a libertarian history comes along. I have committed my discretionary energy to other pursuits, but I would make time for the chairmanship as an economic opportunity. Our convention at which a new executive committee will also be elected is on Saturday, May 10th. There will be more information forthcoming in February's newsletter and on the email Discuss list. We also have an Announce list. You can join these lists by going to our website www.hi.lp.org.

Announcements

General Meeting

January 5th, 2003

The rights of children in divorce proceedings

Join the Hawaii Libertarian Party

On Line: Visit the Hawaii Party website at <http://www.hi.lp.org>, click on the *Join LPH!* Button, and follow the instructions there. While there, look around! You'll find lots of useful info. Like links to ALL our candidate sites.✍

Executive Committee Meeting:

Sunday, January 19th, 6:30 PM

888 South King Street. Corner of King and Ward. Straub Clinic Presentation Room, ground floor behind the cafeteria. All members welcome

Duties of the Chair

By Roger Taylor

I will give a skeletal view and provide you with an add-on section.

- 1) Sign the pledge, again.
- 2) Believe in and study Libertarian Positions. Know the Local Bylaws.
- 3) Convene 6 public meetings a year.
- 4) Meet with your executive committee 6 times a year.
- 5) Make sure you have a monthly newsletter even if it is a one pager.
- 6) Maintain a working relationship with National Head Quarters especially regarding our centralized database.

If the above isn't too much work for you then you could run for chair in May. I imagine there would be a few more things that you would be doing but they would be of your choice and in your strong suit.

I was chair from 1997-1999 and now again from 2001 to 2003. I have gained insights over the years and will include them in my add-on list. Any of the following percepts that you have time for or experience with adds on to your qualifications as a leader in the personal freedom arena.

- 7) Answer inquires and/or direct the inquirer to a more knowledgeable source.
- 8) Maintain a database of media contacts and put out a press release once in a while.
- 9) Have monthly meetings instead of bi-monthly meetings.
- 10) Learn the elections laws.
- 11) Recruit and support candidates.
- 12) Develop a working relationship with the Office of Elections.
- 13) Do Fundraising.
- 14) Expand membership
- 15) Have an issue that you are passionate about and that has wide appeal in the party and with the public in general. Pursue that issue and bring out Libertarianism every chance you get.
- 16) Attract Volunteers.
- 17) Delegate.
- 18) Maintain a Libertarian presence with a high public profile.
- 19) Be inventive. Create new ways of doing things.
- 20) Maintain a good working relationship with all sides to an issue always being eagle eyed about pointing out inconsistencies and uses of initial force: point the discussion or action in the direction of expanded personal freedoms and economic liberties.

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<http://www.hawaiireporter.com>

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