



Written by on September 27, 2011

## A Way Out of Impending Economic Chaos

We find ourselves mired in the “it can’t happen here” syndrome. The experts won’t tell the public what happened in Germany in the 1920s, or in Hungary and Argentina more recently, or in Zimbabwe only a few years back. But all of the agony and chaos experienced in those nations should be expected in America. The dollar has plummeted so far in value that its worth is now less than five percent of what it was when a deceived Congress voted to create the Federal Reserve in 1913.



Addressing this increasingly dire situation, Congressman Ron Paul has introduced H.R. 1098, the “Free Competition in Currency Act of 2011.” Its main purposes are: 1) repeal the legal tender laws; and 2) bar taxation when buying or selling such commodities as gold, silver, and platinum if the intention is to use them as money. In testimony given before the House Subcommittee on Domestic Monetary Policy and Technology, Dr. Lawrence Parks stated that “H.R. 1098 is perhaps the most important piece of legislation to ever come before the Congress.” He claims that the measure is necessary because of the “certain catastrophic collapse of our unauthorized, dishonest and unstable legal tender irredeemable paper-ticket-electronic monetary system.”

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Dr. Parks is the founder and executive director of the Foundation for the Advancement of Monetary Education and a widely published author and video producer. Being invited to express his thoughts on our nation’s extremely precarious monetary situation by subcommittee chairman Congressman Ron Paul constitutes a telling endorsement of the man’s knowledge and good sense. He claims that our nation’s monetary system is “unauthorized” because the Constitution never allowed the U.S. government to have anything to say about money other than granting it power to “coin money and regulate the value thereof.” With that authorization, our infant federal government started the U.S. Mint. There never has been any authorization for the Congress to create the Federal Reserve with its vast powers.



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As for the system being “dishonest,” Dr. Parks points out that currency formerly in use in America (United States-issued Gold or Silver Certificates) carried the promise to deliver an appropriate amount of precious metal to its bearer “on demand.” In other words, stored gold or silver could be claimed by anyone holding those paper notes. Federal Reserve currency now in use simply states that *it is* “One Dollar,” or “Five Dollars.” It is redeemable in nothing. As Dr. Parks points out, pieces of paper that are not promissory notes are “now represented as being a dollar [or five dollars, etc.]” This is obvious dishonesty.

A piece of paper stamped “One Dollar” cannot be a dollar just because the government and the Federal Reserve say it is. The dollar was defined in the Coinage Act of 1792 as 371.25 grains of silver. This has never been changed and, according to Dr. Parks, it cannot be changed. Moreover, there never existed a need to specify the dollar’s weight in gold because the market would provide the relationship between the two metals — and between silver and whatever other metals might be used as currency.

The reality is that government has passed a legal tender law that gives a monopoly to dishonest paper bills. Why can’t a real commodity (gold or silver) be legal tender? Or, an even better question, why is there any need for a legal tender law in the first place? H.R. 1098 would properly address this situation by abolishing the legal tender laws currently in place. The existence of alternative types of money would quickly lead to an end of printing-press fiat (unbacked) money to cover deficits. The infusion of new unbacked dollars into the economy waters down the value of all existing Federal Reserve Notes. This is why it takes more of these dollars than before to purchase anything. Goods and services don’t cost more; dollars are worth less.

H.R. 1098 would allow for competing currencies — and for buyers and sellers to be able to use sound money whose value cannot be weakened through wild creation of more of it. Competition in the field of money would lead to excellence in that field, as competition does in any field. The measure also seeks to abolish the practice of imposing taxes on the sale of any monetary instrument. If you buy gold or silver coins, you won’t have to pay a sales tax or any other tax.

As the value of the current fiat dollar continues to decline, the possibility of catastrophic collapse should not be ignored. The sensible way to prepare for such a calamity begins by allowing competing currencies. H.R 1098 would do that. Tell your Congressman his endorsement is needed. And tell your two Senators that a companion measure ought to be introduced in their branch of Congress.

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