



Written by [Alex Newman](#) on January 16, 2013

Obama's Trillion-Dollar Coin Exposes Federal Reserve Scam

Amid an ongoing [debate over raising the debt ceiling](#) and Congress' seeming inability to rein in wild deficit spending, some proponents of even bigger government proposed the minting of a \$1-trillion platinum coin to get around stubborn lawmakers seeking budget cuts. Seriously. Originally, the Obama administration refused to rule it out when asked by reporters, leaving analysts to speculate about whether or not they would really do it.



Then, suddenly, the privately owned Federal Reserve put its foot down and killed the scheme. In a joint statement issued with the U.S. Treasury, the central banking cartel, which holds a virtual monopoly on currency production, said no way. The Fed would not accept such a coin even if the federal government were to mint it. While never mentioned in the mainstream media, the implications of the whole episode are enormous.

The idea of a trillion-dollar coin, of course, has been widely ridiculed and criticized, with analysts saying it sounded like something a certain Zimbabwean despot who flooded his country with \$100-trillion Zimbabwe notes might try. Other commentators slammed the proposal as an unprecedented power grab by an out-of-control executive branch that needs to be urgently restrained — sooner rather than later — before it does any further damage to the nation and its government's remaining credibility.

Even segments of the establishment media mocked the scheme. "In a town that specializes in stupid ideas, this one reached a new level of stupid," [wrote](#) *Washington Post* opinion writer Marc Thiessen. "Think about it: If the president could really create a trillion dollars out of the ether simply by minting a single \$1 trillion coin, why would we stop at one? We could mint 17 of these puppies and eliminate the national debt! Heck, we could mint 18 and have a trillion-dollar surplus!"

Then the scheme died. With a brief statement issued over the weekend, the Fed and the Treasury instantly quashed the hopes of some Democrat lawmakers and Keynesian "economists" such as Paul Krugman that Obama would actually mint the coin. "Neither the Treasury Department nor the Federal Reserve believes that the law can or should be used to facilitate the production of platinum coins for the purpose of avoiding an increase in the debt limit," [said](#) Treasury spokesman Anthony Coley.

While the formal statement was issued by the Fed and Treasury, the latter of which is actually part of the government, the order to kill the platinum coin came down directly from the shareholder-owned central bank, according to news reports citing a senior administration official. An article in BuzzFeed, a relatively new media service started by the co-founder of the *Huffington Post*, [said](#) the central bank would have simply refused to credit the Treasury's account.

Amid the cacophony of giggles and outrage over the coin plan, however, one liberty-minded blogger identified the real question Americans should be concerned with in this ordeal: How can the privately owned central banking cartel misnamed the "Federal Reserve" conjure infinite amounts of currency into



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existence out of thin air and charge interest on it, all while telling the elected government that it is not allowed to do the same? Why can the Fed [create trillions of dollars to shower on its banker cronies worldwide](#) but the government must either tax or borrow?

The issues strike at the heart of most of America's current economic problems. "If the Federal Reserve had allowed Obama to print up a debt-free trillion dollar coin, that would have set a very dangerous precedent for the Fed," [explained](#) *The Economic Collapse* blog, which covers financial and economic news from a generally pessimistic perspective. "The American people would have realized that the federal government can actually create debt-free money whenever it wants and that it does not actually have to borrow money from anyone."

Creating debt-free money, of course, would put an end to the current usurious system in which the Fed banking cartel creates debt-based currency that must be repaid with interest — even when borrowed by the federal government. Serious economists generally reject the idea of letting politicians print their own fiat currency out of nothing without restraint, and it would hardly be an ideal solution. However, it would put an end to the scam of perpetual debt that is literally impossible to repay without borrowing even more phantom currency from the [monopolist banking cartel masquerading as a federal agency](#).

"That is something that the Fed probably would have moved heaven and earth to keep from happening," *Economic Collapse* blogger "Michael" continued. "But now we won't ever know how far the Fed would really be willing to go to keep their monopoly over money creation, because Obama has no plans to challenge this latest ruling from 'the real boss' of our financial system." In past controversies surrounding the Fed, when Congress came close to forcing an audit of its books, for example, the central bank hired a high-powered lobbyist and won the battle.

The article in question, entitled "[The Federal Reserve Shows Barack Obama Who The Real Boss Is](#)," goes on to explain how the central bank works. "The debt-based Federal Reserve system is a way to systematically steal the wealth of the United States, and it is happening right in front of our eyes, but very few people actually understand it well enough to complain about it," the writer concluded, echoing the concerns of countless economists and pundits who understand the existing monetary system.

Other analysts also pointed a finger at the Fed during discussions on the platinum coin, though none as directly as the *Economic Collapse* blog. Fellow Bill Frezza with the free market-oriented Competitive Enterprise Institute, for instance, did mention the central bank, but he also seized on the \$1-trillion coin debate to blast the bipartisan political class and its destructive spending habits.

"Daring them to do it would have been the perfect tool to demonstrate that the emperor has no clothes," Frezza [noted](#) in a piece published by *Real Clear Politics*, referring to minting the Obama coin. "Any American who is not terrified of the mess created by the Federal Reserve, the Too-Big-to-Fail banks, Washington's insatiable spending binge, and the unprecedented money printing intended to keep the illusion alive that this can continue forever is, quite simply, impervious to facts and reason."

The idea of producing such a huge-denomination coin without relying on the Fed or Congress was originally floated years ago, based on a provision in a 1997 appropriation bill giving the Treasury power to mint platinum coins. With the looming showdown over the debt ceiling, however — Republicans are seeking spending cuts in exchange for allowing the administration to borrow more money, but Obama is supposedly not willing to negotiate — the half-baked \$1-trillion coin gained powerful new backers. Then the Fed nixed the whole plot with a single public statement.

Of course, there are plenty of other lessons to be learned from the whole brouhaha about Obama's



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magic coin — Washington is completely out of control, the executive branch has usurped wildly unconstitutional powers, the value of fiat dollars can be inflated away by policymakers at will, and much more. The most important element of the saga by far, however, is what it reveals about the Federal Reserve cartel and the [fraudulent monetary system](#) that will eventually destroy the economy if not addressed.

If nothing else, the trillion-dollar coin scam should serve as a wake-up call to the American people and the world — and especially the U.S. government's creditors. The Obama administration, Congress, and the central banking cartel are going off the rails, becoming increasingly delusional as the [economic tsunami that is now widely anticipated](#) comes ever closer. Once it hits, or preferably before, it will finally be time to reform the absurd monetary system that is essentially bankrupting America and its people. Until then, the bipartisan charade in Washington will almost certainly continue, trillion-dollar coin or not.

Photo of Federal Reserve Board Building in Washington, D.C.

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