



Written by [Bob Adelman](#) on September 13, 2011

Ron Paul Wants Competing Currencies

In his "Texas Straight Talk" for July 11, Paul presented the case for competing currencies and promised that his committee, the House Domestic Monetary Policy and Technology Subcommittee, would shortly hold hearings on his bill. On September 13, the first of those hearing was held with testimonies from Dr. Lawrence Parks, the executive director for the Advancement of Monetary Education, and Dr. Laurence White, professor of economics at George Mason University. In short, Paul told his constituents exactly what he was going to do, and then he did it. It isn't necessary to iterate how rare such an occurrence is in Washington's hallowed halls.



Paul said in July, "This bill eliminates three of the major obstacles to the circulation of sound money: federal legal tender laws that force acceptance of Federal Reserve notes; 'counterfeiting' laws that serve no purpose other than to ban the creation of private commodity currencies; and tax laws that penalize the use of gold and silver coins as money." He continued:

Allowing market participants to choose a sound currency will ensure that individuals' needs are met, rather than the needs of the government. Restoring sound money will restrict the ability of the government to reduce the citizenry's purchasing power and burden future generations with debt. Unlike the current system which benefits the Fed and its banking cartel, all Americans [will be] better off with a sound currency.

In a speech on the floor of the House in February of 2008, Paul explained why getting rid of legal tender laws was the vital first step towards competing currencies. It would reinforce the Constitutional mandate in Article 1 Section 10 that forbids states from making anything "but gold and silver coin a tender in payment of debts," and it would eliminate the [unconstitutional legal tender laws Congress passed in 1965](#).

Explained Paul, "We, the Congress, have the power to enact legal tender laws. We, the Congress, have the power to coin money, regulate the value thereof, and of foreign coin, but *not to declare a legal tender*. (emphasis added). Yet, there is a section of [the] US code that purports to establish US coins and currency, including Federal Reserve notes, as legal tender." Paul added:

If people are free to reject debased currency [i.e., Federal Reserve notes] and instead demand sound money, [then] sound money will gradually return to use in society. Merchants would [be] free to reject the king's coin and accept only coins containing full [precious] metal weight....

In conclusion, Madam Speaker, allowing for competing currencies will allow market participants to choose a currency that suits their needs, rather than the needs of the government. The prospect of American citizens turning away from the dollar towards alternate currencies will



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provide the necessary impetus to the US government to regain control of the dollar and halt its downward spiral. Restoring soundness to the dollar will remove the government's ability and incentive to inflate the currency, and keep us from launching unconstitutional wars that burden our economy to excess. With a sound currency, everyone is better off, not just those who control the monetary system.

Photo: Rep. Ron Paul



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