Gold and Silver Currency Bills: Will States Nullify the Fed's Money Monopoly?

The New Hampshire state legislature will soon consider a bill making gold and silver legal currency in that state.

The bill was drafted by constitutional scholar and contributor to *The New American* Edwin Vieira, Jr. Vieira's measure would reduce New Hampshire's dependence on the Federal Reserve, ultimately leading to its complete independence from the unconstitutional central bank and its fiat Federal Reserve notes that masquerade as money.

Sponsors of the bill describe the process that will restore sound money to the Granite State:

> The idea is to use the state as the "pump" to prime a transition and make the transition work in a systematic, relatively slow fashion, so the market can equilibrate to this new alternative currency. We don't want to change the system over night — that would create chaos. We want to bring in a relatively small amount of the state's revenue in gold as a tax.
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> New Hampshire has a tobacco tax. The tobacco tax reserve is about 7% to 9% of the state's total revenue. This is a good amount because it's not to much so that you scare people, but enough so that you get a sufficient amount of revenue to start integrating gold and silver into the system.
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> The New Hampshire Alternative Currency Statute states that the people who are taxed, the tobacco distributors, are going to be required to pay their taxes in gold.

New Hampshire's earlier effort to establish gold as the state's sole currency met with opposition from the state treasurer, who issued a Fiscal Impact Statement wherein he laid out the obstacles he sees in the bill's path to enactment.

The treasurer reported three objections: First, the bill did not provide for the safe storage of the gold; second, the cost of bonding state employees would be prohibitive; and, finally, the overall cost of implementing the system would be exorbitant.

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Supporters say they have answers for all these previously filed fiscal concerns, specifically:

> The New Hampshire Bill was modernized to used electronic gold currency. Electronic gold currency is exactly that — in a vault some place, your gold is there. And simply by "electronic check" you can transfer your gold to somebody else. There is a provision in the bill that that requires the electronic gold currency provider to allow the account holder to "cash out" in actual gold coins if they choose, so there we have the Constitutional problem solved. In this electronic gold currency system, you can go down to as low as 1/10,000 of a gram of gold, so it allows users to make very small change. This solves a common problem with coinage, that people could not make change. This is why we had pennies (i.e. token coinage). This is also why the Spanish Milled Dollar

> was cut into eight pieces. Electronic gold currency solves that whole problem. The treasury in New Hampshire was fine with the electronic gold currency system as it was just another computer account entry.

A website maintained by promoters of the proposal offers graphical representations of the entire process of moving from "money" to money.

The bill also provides a method of circulating the gold, obviating the need for a miniature Ft. Knox in every town and county in New Hampshire.

Over the past several years, at least eight states have considered or enacted some version of a sound currency bill. Others are debating proposals aimed at abolishing or auditing the Federal Reserve.

By placing the lion's share of the blame squarely at the feet of the federal government, particularly its unrepentant, unchecked, and (most importantly) unconstitutional manipulation of the monetary system of the United States through the creation and perpetuation of the Federal Reserve system, Vieira's bill reasserts the sovereignty of the state of New Hampshire and re-enshrines the 10th Amendment to the Constitution wherein the Founding Fathers intended to erect an impregnable barricade around the self-determination of the sovereign states.

In 2011, then-Chairman of the Federal Reserve, Ben Bernanke, weighed in the issue of restoring gold and silver as legal currency.

"You need to be attentive to where the economy is and not move too quickly to reverse the policies that are helping the recovery," Bernanke said, apparently without being purposefully facetious.

The only hope of a recovery lies where hope for liberty has always lain: with the people and the states.

If any state authorizes gold and silver as an alternative to Federal Reserve notes, economists say that the economy of such a state would stabilize and increase. A happy side effect of such a system would be the weakening of the Federal Reserve notes and a strengthening of the appeal of gold and silver.

This genuine recovery (as opposed to the "boom and bust" pseudo-recovery espoused by Bernanke) would obliterate the fiat money monopoly exercised by the Federal Reserve. The history of that monstrosity was described most ably in G. Edward Griffin's *The Creature From Jekyll Island*. Griffin writes:

> The American Heritage Dictionary defines fiat money as "paper money decreed legal tender, not backed by gold or silver." The two characteristics of fiat money, therefore, are (1) it does not represent anything of intrinsic value and (2) it is decreed legal tender. Legal tender simply means that there is a law requiring everyone to accept the currency in commerce. The two always go together because, since the money really is worthless, it soon would be rejected by the public in favor of a more reliable medium of exchange, such as gold or silver coin."

And that is the key to restoring fiscal soundness to the once-enviable economy of the United States.

In 2008, Representative Ron Paul of Texas echoed Griffin's predictions:

> Gresham's Law states that bad money drives out good money. Meaning, if someone is forced to accept your bad money, it is to your advantage to pass it off, like a hot potato, in exchange for something of value. Any good money you have, you will hoard. Eventually, real money is driven out of circulation and under people's mattresses, so to speak. In the absence of legal tender laws, people are free to accept the medium of exchange of their choice, and are likely to insist on

> payment in something of real value.

Of course, despite the obvious benefits of a return to sound money, the federal government will not sit idly by and watch its monopoly be rendered irrelevant by state governments. In a host of issues, the plutocrats on the Potomac have demonstrated that they will go to any length to maintain their monolithic economic status.

There is some precedence, though, for support of sound money from one branch of the federal government.

A brief recitation of the facts of the case of *Lane County v. Oregon* (1868) is provided on the bill's sponsor's website:

> At the end of the 19th century in Oregon, the state was collecting its taxes in gold, requiring payments of taxes in gold. There was a taxpayer who claimed they could pay in Greenbacks, because Greenbacks were "legal tender for all debts." The Supreme Court gave two reasons why the taxpayer was wrong:
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> 1) A tax is not a debt, a tax is an involuntary contribution to the government.
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> 2) But even if that weren't true, a State is a quasi-sovereign entity. It does not have all the sovereign powers it had at the War of Independence, because some powers have been limited by the Constitution. But it retains sovereign powers in the areas of taxation, borrowing, spending, eminent domain and judgements in the courts.

Regardless of past decisions and sound reasoning, the federal government will not back down and Americans should not rely on the federal courts to sustain state sovereignty, principally as they have shown that they will not commit political suicide by weakening the power of those that give them power.

The key to restoring sound money in the manner prescribed by the Constitution is to call on Congress to abolish the Federal Reserve and to elect state lawmakers committed to nullifying the Fed's fiat money monopoly by enacting gold and silver currency bills like the one being brought in New Hampshire.