



Written by [Alex Newman](#) on January 31, 2012

Washington State Considers Gold and Silver as Legal Tender

In an effort to protect the property of citizens from the harmful effects of inflation created by the Federal Reserve, lawmakers in Washington State introduced a bill over the weekend to declare gold and silver legal tender within the state. Sound-money advocates across the nation immediately praised the effort.



Citing several provisions of the U.S. Constitution and various rulings by the U.S. Supreme Court, the legislation notes that only gold and silver are to be considered legal tender by the states. The bill also blasts the federal government for imposing an unconstitutional monetary system on the states and for unjustly confiscating citizens' wealth by allowing the Fed to create money.

The legislation seeks to offer the people of Washington an opportunity to use constitutional money instead of the ever-depreciating paper currency issued by the American central bank, lawmakers who sponsored the bill told *The New American*. However, no one would be forced to accept gold or silver as payment.

"We have leveraged our debt-based currency to the hilt and the die is cast," said Republican Rep. Matt Shea (above left), a co-sponsor of the bill and a military veteran who supports honest money. "The Federal Reserve is faced with the position of having to further inflate our currency or have the system start to disintegrate."

Under the proposed law, [HB 2731](#), precious-metal coins would be treated the same as Federal Reserve Notes for state taxation purposes. And the state treasurer would be required to post the value of silver and gold every day based on market prices, an improvement over a similar law passed in Utah last year which recognized precious metals as legal tender, lawmakers said.

"The legislature finds that to secure property rights sound money is essential," the bill states. "Gold and silver currency retains earned wealth in the hands of the people and has provided civil societies with a fair, honest, and reliable medium of exchange for over six thousand years."

According to the text of the legislation and economists, competition in currency would provide, among other benefits, greater security to the people of Washington in protecting their property from inflation. It would also serve to defend liberty, lawmakers noted.

"Sound money is freedom," Rep. Shea explained. "The free-market is about competition, and allowing competing currencies is just another extension of that time-honored principle."

The absence of competition from gold and silver currency, meanwhile, exposes Washington's citizens



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and businesses to more than a few problems including the “chronic depreciation” of the Fed’s fiat paper money and the accompanying loss of purchasing power. And measures must be taken to fix the problem, legislators and economists believe.

The [privately-owned](#) Fed’s money printing represents nothing less than incremental confiscation of private property without just compensation, explained Rep. Shea, echoing the language in the legislation and a whole host of economists who study monetary policy. “This depreciation is particularly tragic for seniors and others on fixed incomes,” he noted.

Another co-sponsor of the legislation, Rep. Jason Overstreet, told *The New American* that sound money is actually the key to an honest system of government. “Most people know intuitively that their purchasing power is diminishing, but don’t know why,” he said. “With our fiat paper Federal Reserve note currency, every time the Federal Reserve prints another note, the value of existing notes is debased, ultimately driving prices higher and higher.”

Even former Fed boss Alan Greenspan understood the implications of fiat currency, Rep. Overstreet noted, citing an essay Greenspan wrote decades ago entitled “[Gold and Economic Freedom](#).” In the piece, the former central bank chief masterfully explained why giving authorities the power to create currency out of thin air represented a deadly threat to liberty and prosperity.

Across America, as the Fed’s policies continue to wreak havoc on the economy, lawmakers are taking notice at every level. U.S. Congressmen such as Rep. Ron Paul (R-Texas), who chairs the House Subcommittee on Monetary Policy, have taken an increasingly bold stand on honest-money issues. And the states are taking action, too.

Utah, for example, [approved a landmark law](#) last year which recognized gold and silver as legal tender. The measure garnered praise from sound-money proponents around the world. Over a dozen other states are now working on sound-money initiatives as well.

“The best road back to a really well-functioning monetary system is through the states ... exercising their monetary power as articulated in Article I, Section 10 of the [U.S.] Constitution to make nothing but gold and silver coin a payment in tender of debts,” said Utah attorney and businessman Larry Hilton, who authored sound-money legislation for his state and has been a key player in the national effort to restore an honest monetary system through state-level initiatives.

Hilton told *The New American* in an interview last year that if just a small handful of states were to follow in Utah’s footsteps on the monetary issue, the U.S. dollar and the American people would benefit significantly. And today, according to the Sound Money Center — a group which was involved in the recent legislation introduced in Washington — Idaho, Colorado, Minnesota, Iowa, Ohio, South Carolina, Georgia, Virginia, and many other states are [already at various stages](#) of creating sound-money laws.

“So begins the 2012 season of awakening the people of this nation to the virtues of sound money,” the Center noted in [a statement](#) announcing the introduction of the sound-money bill in Washington’s legislature. “We will track this legislation closely as it makes its way through the legislative process.”

Other organizations such as the national [Tenth Amendment Center](#) and the Washington Sound Money Committee are also involved in the process. And commentators online were [thrilled](#) to learn about the introduction of legislation aiming to address the issue in yet another state.

While bills calling for honest money have failed in some cases, lawmakers and activists are hopeful about the prospects in Washington State. But even if the legislation does not become law this session,



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there could still be several benefits to it — especially in terms of sparking a broader debate.

“If this bill doesn’t pass but starts a sound money conversation and can be used to educate citizens on the Constitutional principles and necessity of sound money, it will have been a success,” said Rep. Overstreet. “As that education continues, we will see the passage of bills like this around the country and a return to sound money.”

The road to restoring a constitutional monetary system in America might be long and tough. But the alternatives, according to experts, are not pretty — a destruction of the currency, economic upheaval, and maybe worse. There is even a very real possibility that a [global monetary regime](#) with the power to print [world money](#) could be erected, at least if the system’s powerful proponents get their way.

“We have strayed so far from the constitutional basis of money, that it can be a difficult conversation,” noted Rep. Overstreet. “However, with even a short primer on the subject, even young children begin to understand the intrinsic value of gold and silver versus the paper they receive as allowance.”

The Fed has come under increasing scrutiny in recent years following several waves of “quantitative easing” — also known as printing new money — and its unprecedented, multi-trillion-dollar bailouts of [foreign banks](#), [big corporations](#), and [other central banks](#). Its [widespread manipulation of markets](#) has also attracted fierce criticism and a bipartisan outcry to rein in the institution.

Washington lawmakers are requesting a hearing for the bill in the state House of Representatives, but no date has been set yet. For now, the legislation has been referred to the Committee on Ways and Means. It currently has four co-sponsors.

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