

NORFED NEWSLETTER: VOL. 3 NO. 5 MAY 2001

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1. **Oklahoma Liberty Event**

Thanks to the efforts of Angela Davis, a Redemption Center in Oklahoma City, NORFED will sponsor the Oklahoma Liberty Event at the Ramada Inn & Conference Center, 4345 North Lincoln Blvd, Oklahoma City, OK 73116, on August 4. This event will feature Charles Key, the State Representative who convened the People's own grand jury to investigate the OKC bombing; Dick Simkanin, CEO at Arrow Plastics who had not only refused to be the government's tax man but has gone public about it; Dan Meador, noted IRS researcher, resource provider and activist for those who refuse to be deceived; Brent Johnson, national spokesman for American Sovereign; Al Wagner, CPA and financial service provider; and Bernard von NotHaus, Senior Economist for NORFED. Everyone is encouraged to join this distinguished list of national speakers and bring everyone who may be interested in our common goals. More info, costs and early registration will be available in the June Newsletter or you may call the NORFED office toll free at: 888.421.6181.

2. **Maine, Vermont & New Hampshire**

Can you believe this?! Finally, Bernard's long awaited visit to beautiful New England is a definite go for July. The trip is dedicated to visiting Maine, Vermont, New Hampshire, and if time permits, it will also include Massachusetts, Rhode Island, Connecticut and maybe even New York. The trip will originate in Miami on/about July 1 with a stop on July 4 in Philadelphia. If you want to see Bernard, hold a NORFED event/meeting or have a cold beer, please email michelle@libertydollar.org as she is organizing the trip.

3. **No more "Acceptance Centers"**

Acceptances Centers have been renamed "Liberty Merchants". Gradually all mention will change to Liberty Merchants which is in keeping with The Liberty Dollar.

All new businesses, individuals and supporters who accept The Liberty Dollar will be listed on the Liberty Merchant page.

4. **Current Calendar**

May 28 - Los Angeles

May 29 - Los Angeles

May 30 - Arizona

May 31 - Arizona

June 1 - Arizona

June 2 - New Mexico

June 3 - New Mexico

June 4 - New Mexico

June 5 - Texas

June 6 - Texas

June 7 - Texas

June 8 - Texas

June 9 - Arkansas

June 10 - Arkansas

June 11 - Indiana

June 12 - Indiana

June 13 - Indiana

June 14 - 30 - Florida

July 1 - New England Tour

5. **Nick Jesson in the News and in Court**

Sincere thanks to Nick Jesson, noted constitutionalist and like Dick Simkanin another brave American who refuses to be a tax man for the un-constitutional government. For such activism, Nick's home and business was raided and much of his property was confiscated outside the reach of a search warrant, which was vague and miss-dated. In an effort to force the government (who the court refers to as "The People") Nick had a "non-hearing" according to Judge Marion's kangaroo court. I heard it first hand as I attended the "non-hearing" and was alarmed at such a bias idiot passing for a "judge"! Unfortunately, there was no press coverage of the "non-hearing", but the raid was covered by both the World Net Daily which is included in Appendix A and the CFR New York Times at:

<http://www.nytimes.com/2001/05/03/business/03RAID.html?searchpv=nytToday>. If you wish to bring more attention to this "non-case" as Nick hasn't even been charged yet, please send your comments to Judge James P. Marion, Superior Court, 1275 North Berkeley Avenue, Fullerton, CA 92832.

6. **Three News articles and CBS-TV coverage**

The Huntington Beach News, owned by the closely aligned CFR LA Times, graced NORFED with a well-balanced article written by Tariq Malik on May 3, 2001. The complete article can be read on the NORFED site under NEWS.

A second article in The Peru Times, from Peru, Indiana featured The Liberty Dollar on a front-page article, which has led to an increased awareness and support for the currency in that area. This article is also available on the NORFED site under NEWS.

You too can create more awareness and grow your Redemption Center by taking some currency and past articles to your local newspaper. Maybe it might be time for some young activist to approach the LA Times about an article. The currency is "news" and if you bring it to your newspaper's attention, they are not usually opposed to doing an article. But if you don't ask, you don't get.

A radio interview and the third article New Money Gives Hope For Return To Value

by Wayne Hicks ran in SierraTimes.Com on April 30, 2001. It is available at:
<http://www.libertydollar.org/NewMoneyArticle.htm>

This type of activism is exactly what led, a CBS affiliate to feature the NORFED currency in their morning show when it was brought to their attention by Jack McCarthy, a Redemption Center. Well done Jack!

7. **Redemption Center of the Month**

Gail Meador, a friend who happens to be married to super activist Dan Meador and makes the best butter rolls I have had since my Grandmother has become a Redemption Center. I am sure with her own dedicated activism and their new Liberty Law Center in Oklahoma that many more people will hear about the Liberty Dollar and take the stand to return America to value - one dollar at a time by becoming a Redemption Center. Here's wishing Dan and Gail all the best with their new Center and the new Currency.

8. **Question of the Month**

Mr. Thomas L. Underwood asks: How can you trade one for one with Federal Reserve Notes and still maintain a stable currency? It seems that your claim of 100% redeemable warehouse receipts is based upon the fact that gold in the marketplace is lower than your current price of \$500 per troy ounce.

ANSWER: The American Liberty Currency has never been described as "stable". First, I don't know what "stable" means, nor what it means to you, but more important it is impossible to have a half a million of any currency "stabilize" 10...20...30 ... pick a figure Trillion Dollars in fiat currency. No, the ALD is not "stable", it is market driven. I prefer to use "organic". It responds to the market and equally importantly, it is designed to function on a 1 to 1 basis with the dreaded FRN so that it is easy to use and thereby acceptable in commerce. Plus, it is not a "claim" that the ALD is 100% redeemable. It is a fact. According to the terms of the Warehouse Receipt on the back of each Gold or Silver Certificate, the amount of metal that backs the Certificate is stated very clearly. That same amount is verified by an independent third party CPA and is redeemed when the Certificate is surrendered - regardless of the price of metal at that time. That is 100% redeemability. PS: And of course the price of gold (or silver) is less than the Face Value of the Certificate otherwise we wouldn't pay the rent.

9. **Quote of the Month**

"Liberty not only means that the individual has both the opportunity and the burden of choice; it also means that he must bear the consequences of his actions and will receive praise or blame for them." -F. A. Hayek

10. **New Brochure & Inflation Calculator**

A new brochure for "THE LIBERTY DOLLAR - America's Inflation Proof Currency" is now at the printer and will be available soon. Designed to meet the coming boom in inflation and to re-position the currency with its new nickname, "The Liberty Dollar".

Check out the Inflation Calculator to see how much the Federal Reserve has eroded our purchasing power since 1913 when it was formed. For instance, now you need to give a seller a little over 1,677 Federal Reserve Notes in order to buy something that was only 100 Federal Reserve Notes in 1913! Many thanks to James Jaeger with Matrixx Entertainment for his Inflation Calculator at: <http://www.noahfund.com/calc.htm>

11. Gold-Age Legal Defense Fund

Parker Bradley the e-gold provider and Redemption Center continues to linger in limbo as no charges have been filed. Here is another case where the government Gestapo burst into a man's home, terrorize his wife, hold them hostage and interrogate them for eight hours, steal their property, destroy their business and never press charges! This is the type of action that can never be tolerated even if the party is guilty. The government can never be above the law and the law must respect the accused rights to be innocent until proven guilty. But the government has this rain of terror down pat...with no charges filed...there is no accused party! In spite of this, there are still legal expenses in trying to get property back and protect one's right. If you are moved to assist Parker in his plight, you can donate to his Legal Defense Fund at: www.gold-age.net/ldf/ldf.html.

12. Measure would repeal 16th Amendment

Fellow friend of liberty, Congressman Ron Paul is at it again. Recently he introduced House Joint Resolution 45, dubbed the "Liberty Amendment," that would strip the federal government of the authority (supposedly) granted by the 16th Amendment. Now if the "good" Congressman would only hit on the synergy that could be created with the Liberty Dollar, we would all be better off. Read the whole article in Appendix B.

13. IRS Code Book on the Net

Thanks to Clyde Forsland who reports that the IRS Code book that sells for \$95 can now be found at: www.fourmilab.ch/ustax/www/t26.html

14. Richard Rahn's Letter on Liberty

My compliments to Dr. Rahn for his eloquent defense of liberty against the OECD.

May 1, 2001

The Washington Post
1150 15th Street, N.W.
Washington, DC 20071

Subject: Response to the David Ignatius' article "Tax Cheats' Best Friends" of April 29, 2001

Taking Exception

Here I thought I was fighting for liberty, but then I read in David Ignatius' column (The Tax Cheats' Friends, April 29, 2001) that I am a friend of "tax cheats." According to Ignatius, many economists, civil libertarians on both the left and right, and other columnists, are friends of "tax cheats" because they oppose the OECD's (Organization for Economic Cooperation and Development) "unfair tax competition" and information sharing initiative. However, I expect

that if Mr. Ignatius had spent as much time learning about the issue as those of us in the many public policy organizations who think the OECD initiative is a very bad idea, he might have come to a different conclusion.

Most economists, unlike the OECD bureaucrats, consider tax competition desirable. It promotes cost effective government and lessens the ability of governments to engage in abusive conduct. Monopolies and cartels are harmful whether they are used to gouge oil consumers or taxpayers. Many of us find repugnant the efforts of a cartel of large, mostly white European nations to tell small sovereign nations with mostly non-European populations what their tax rates ought to be.

Contrary to Mr. Ignatius' statements, the OECD documents are clear and specific in their demands that the targeted countries report financial activities of OECD citizens that are not illegal in the targeted countries. Many countries have laws that we consider to be abhorrent, such as censorship and restrictions on political activity. For example, the Chinese communist government does not allow their citizens to attend churches that are not approved by the Chinese government. The US, of course, would never consider enforcing this Chinese law against a Chinese national who was attending a non-approved church in the US, nor reporting the church attendance to the Chinese government.

Governments have traditionally enforced only their own laws on their own sovereign territories, against foreign nationals. If a government is required to enforce another country's tax law – no matter how unjust or confiscatory – why not other laws? The logical end of this process is the loss of all national sovereignty and individual liberty.

The OECD is demanding that the 41 targeted "low tax" countries routinely disclose confidential tax and financial information to the OECD countries. If they fail to comply, economic sanctions would be imposed. What if the low tax countries demanded that the high tax countries reduce their tax rates because they diminish economic growth and liberty, thereby harming low-income people? The fact is if the large OECD countries did not have the overwhelming economic and political power to bully the small countries, the "harmful tax competition" initiative would be immediately dismissed as a sick joke.

Ignatius claims that there is now a "successful" campaign against money laundering and tax evasion. However, the government's own statistics show that only a tiny fraction of one percent of the money they claim is laundered is ever confiscated. Again, the fact is, the anti-money laundering campaign does not even come close to minimal standards for cost-effectiveness. Like the Prohibition of the 1920's, the anti-money laundering war has had almost no deterrent effect, has resulted in gross violations of civil liberties, and has actually created a new criminal industry and increased violent crime.

Many trade lawyers, including former OECD lawyers, believe the recommended sanctions against the 41 targeted countries violate the World Trade Organization agreements to which the US and the other OECD nations are a party. Other respected constitutional scholars believe the information sharing provisions violate the 4th and 5th Amendments of the US Constitution. It is worth remembering that under "information sharing," fundamental privacy rights might well be violated for individuals who have neither been charged with nor convicted of any crime.

Information sharing sounds benign until one realizes that not all governments and all individuals within governments can be trusted not to use the information to damage innocent individuals. Some OECD countries have engaged in significant human rights abuses and some have communist party members within their governments. How can we be assured that shared information will not be used to persecute innocent individuals or used against the best interests

of the United States?

Yes, a few more "tax cheats" might not get caught without the OECD information sharing proposals. But this is a small price to pay to preserve respect for civil liberties. The American republic was in part founded on the belief that the civil liberties of the people were more important than the conviction of every last wrongdoer. In the digital age, it is possible for money to be transferred over the Internet to any point on the globe at almost the speed of light, and encrypted in such a manner that it is almost impossible for governments to detect. As a result, we are faced with a choice. We can redesign our tax systems so that they are compatible with both the new digital technologies and our right to have financial privacy, or stick with the existing and failing tax system that will necessitate a never-ending erosion of our civil liberties and national sovereignty.

Richard W. Rahn
Senior Fellow
The Discovery Institute

15. **Silver Article by David Morgan**

Once again, our favorite silver expert tells it like it is. Please read Appendix C for many answers to your questions and bring you up to date about the silver market. It is also available at: http://www.gold-eagle.com/editorials_01/morgan052101.html

Thanks again for your continued support to return America to value - one Liberty Dollar at a time. Without your efforts, success is not possible in our lifetime. Thanks!

Bernard von NotHaus
Editor/Senior Economist

Appendix A: Nick Jesson Article

THE POWER TO DESTROY

By Ed Oliver

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Gun-wielding agents raid tax activist's home
Officers on 'fishing expedition' also take items from business location

Armed revenue agents from the California Franchise Tax Board, with support from local police, raided the home and business of a high-profile tax-resistance activist Wednesday morning.

"They are here on a fishing expedition," business owner George "Nick" Jesson told WorldNetDaily on his cell phone from outside his offices at N.T.D. Electronics in Huntington Beach, Calif. Inside, agents were breaking into file cabinets, removing hard drives and boxing up the company's books and records.

Jesson is one of several employers who have directly challenged the IRS and state revenue departments by publicly declaring that they will no longer withhold taxes from their employees and will no longer pay taxes because they say the law does not require them to do so.

The employer tax revolt gained national attention this year with the help of several full-page ads in USA Today -- including one in March featuring an open letter from Jesson to IRS Commissioner Charles Rossotti. The letter referred to a February New York Times article in which reporter David Cay Johnston pointed to Jesson and other employers by name in the context of reporting that the IRS was planning to prosecute "some business owners" for "tax evasion and other crimes."

Also in the letter, Jesson requested a face-to-face meeting with Rossotti or a delegate in order to clear up any misunderstandings about the tax law and regulations that the employers say they are acting on.

Jesson told WorldNetDaily that the raid occurred while he was driving his two boys to school about 8:45 a.m. Wednesday morning. His wife Trina was already at the office. At that time, approximately 10 state tax agents went to his home in nearby Fountain Valley and demanded the nanny let them in.

The nanny did not open the door for the agents, but asked them for a warrant. She said the tax agents then kicked the door in, terrifying her and her 3-year-old boy. Agents then proceeded to search the house without showing her a warrant, said Jesson.

Meanwhile, a second team of armed tax agents stormed the offices and warehouse of N.T.D. Electronics. Trina Jesson said she was sitting at her desk when three agents burst in and held guns to her head. She said they told her to get away from the desk, cooperate and she wouldn't get hurt. Revenue agents also rounded up warehouse employees at gunpoint, according to Jesson. Everybody was escorted out of the building.

After Nick Jesson arrived, he said he was informed verbally that agents were there because he did not pay his taxes. They presented him with a search warrant. A partial copy of the search warrant faxed by Jesson to WND refers on the front page to a possible felony. Two pages were missing from the warrant, said Jesson, who claimed that is how he received it, and he assumes those pages describe probable cause.

Jesson said he asked Senior Special Agent Edward Wilson what the felony charge was, but that Wilson couldn't tell him.

"I called the district attorney handling the case. I asked him, 'What is the felony charge?' He couldn't tell me," said Jesson.

Jesson said he asked the agents to leave after he noticed the warrant was incorrectly dated with the year 2000. The agents refused to leave, he said, but later told him that they called the judge who said he made a mistake and would correct the date. According to Jesson, a corrected warrant was never delivered.

Describing the armed raid, Deputy District Attorney William Overtoom told WND: "There are no charges. Nobody was arrested. Basically, this is an investigation into possible violations of California criminal law. The search warrant was to get hold of records and other evidence as part of that investigation."

Overtoom said he could not discuss what prompted the investigation. When asked what was on the two missing pages of the search warrant faxed by Jesson, Overtoom said there were actually four search warrants served Wednesday at different California locations of properties belonging to Jesson.

"Those pages he's not talking about are descriptions of items and property to be seized at other locations," said Overtoom. "I don't know what he's talking about."

Overtoom added that he could not fax copies of the warrants for another two weeks by law because the searches are still ongoing.

"The search warrant is saying that the judge made a finding that, based upon the affidavit that is not available for public viewing yet, there is probable cause to believe that there are at specific locations certain items which tend to show that a felony has been committed. Basically, a finding of probable cause has been made by the judge," said Overtoom.

The prosecutor said Jesson would learn about the probable cause in due course. Asked about complaints that agents pulled guns and aimed them at the employees, Overtoom said he couldn't comment on that. He also did not comment on complaints about items seized that are not listed on the warrant.

Asked about the incorrect year 2000 date on the warrant, Overtoom said that does not void the search warrant. He then laughed and said he does not think the warrant was issued a year ago. He agreed it is a legal document but said it didn't matter that it was misdated.

Overtoom said they will conduct their investigation, and if they decide there has been a violation, they will go forward with charges and at that time, will be able to comment further.

Jesson denied that there were four locations searched or four search warrants. He said only the house and business were searched. He also reiterated that two pages are missing from the search warrant given to him.

The search warrant seeks financial records pertaining to 1997 through 1999, as well as business records and computer storage devices. Jesson said the IRS refunded him \$217,000 in taxes he paid during those years. He said he was seeking a tax refund from the California Franchise Tax Board for those years also. The state wrote him back saying they are investigating whether they could give him the refund, he said.

"We've had no warning ahead of time. We've had no communication from the Franchise Tax Board indicating that we owe them any money," said Jesson.

Jesson speculated that the raid might have been prompted by charges from a disgruntled former employee who he said he caught embezzling from him. He has filed criminal charges against her, he said, and she is under investigation. He also has a civil lawsuit against her, he added.

Jesson was able to enter his office again late Wednesday night. He said tax agents seized a weapon and \$20,000 in cash from his business, as well as a coin collection from his home, even though the warrant does not authorize taking those items.

A spokesman for the California Franchise Tax Board refused to comment on the raid. Special Agent Wilson did not return calls.

Appendix B 16th Amendment Article

THE POWER TO DESTROY

Measure would repeal 16th Amendment

Congressman seeks end to income tax, clarifies duties of government

By Julie Foster

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http://www.wnd.com/news/article.asp?ARTICLE_ID=22732

A proposed constitutional amendment by [Rep. Ron Paul, R-Texas](#), speaks for itself: "Three years after the ratification of this amendment, the sixteenth article of amendments to the Constitution of the United States shall stand repealed and thereafter Congress shall not levy taxes on personal incomes, estates, and/or gifts."

The [16th Amendment](#), ratified in 1913, allowed the federal government to levy a tax on all incomes. House Joint Resolution 45, dubbed the "Liberty Amendment," would strip the federal government of that authority.

"America existed for nearly 140 years without an income tax," Paul concluded. "The federal government generally adhered to its strictly enumerated constitutional functions during that time, operating with modest excise revenues. When Congress introduced the 16th Amendment, it opened the door to the era of big government. This amendment would close that door."

Many Americans believe they are overtaxed, and investigations into the Internal Revenue Service in recent years have shown the agency to be abusive in the exercise of its authority to collect taxes. The tax code increasingly faces grass-roots legal challenges, and interest in flat-tax and national sales tax proposals is at an all-time high, giving Paul's proposal enormous popularity among disgruntled taxpayers and those simply weary of big government.

While there have been several legal challenges to the veracity of the 16th Amendment's ratification, all such challenges have been rejected by the courts. Plaintiffs argue then-Secretary of State Philander Knox committed fraud when he declared the amendment had been properly approved by the appropriate number of states. *(Editor's note: For a more in-depth discussion of this argument, see the [April issue](#) of WorldNetDaily's monthly print magazine, [WorldNet](#).)*

The Texas congressman criticized his colleagues' frequent manipulation of the massive tax code through various exemptions, credits, deductions and the like.

"America clearly is ready for sweeping tax reform, yet Congress remains focused on rewarding certain constituencies by forever making complex small changes to the existing tax laws. The Liberty Amendment is an attempt to eliminate the system altogether, forcing Congress to find a simple and fair way to collect limited federal revenues. Most of all, the Liberty Amendment is an initiative aimed at reducing the size and scope of the federal government," he wrote.

If approved, the measure will accomplish that goal through more than elimination of the federal income tax, which is the last of four sections in the bill. Comprised of only four

sentences in all, the resolution's first section prohibits the federal government from engaging in any business "except as specified in the Constitution." The measure also states that all "activities" of the U.S. government that violate the Constitution will "be liquidated and the properties and facilities affected shall be sold" within three years of the resolution's adoption.

Critics of HJR 45, however, believe the government is acting within the boundaries of the Constitution by providing public education, welfare services, foreign aid and numerous other programs. But Paul says the sweeping nature of such programs has made government too involved in the lives of individuals.

"The income tax has given government a claim on our lives," Paul stated. "It has enabled government to expand far beyond its proper limits, invade our privacy and penalize our every endeavor. The Founding Fathers never intended an income tax, and they certainly would be dismayed to know that Americans today give more than a third of their income to the federal government."

In order for HJR 45 to take effect, according to the text of the measure, the resolution must be adopted by three-fourths of the states in the Union within seven years of the date Congress adopts it. The most recent constitutional amendment, which was proposed by the First Congress on Sept. 25, 1789, and was first adopted by Maryland in December of that year, was ratified on May 18, 1992. It provided that congressional pay raises could not take effect until after the next election.

Appendix "C" Silver Article by David Morgan

May 18, 2001

REALITY CALLS GFMS SURVEY

CONCLUSIONS INTO QUESTION

The silver market is once again being baffled by conflicting information and the strangest thing is that the confusion seemingly traces back to the organization whose mandate is to ensure that the silver supply/demand picture is both precise and positive.

As I write this, press releases have just been issued detailing results of the World Silver Survey, an annual silver market summary compiled by Gold Fields Mineral Services (GFMS), independent of the U.S. based Silver Institute the organization to which I refer. One release - titled "Silver Demand Forecast to Fall" - projects that prices will likely drop this year "because of ample supplies, increased mine production and the sale of silver stocks."

The writer does leave a glimmer of hope for silver bulls, noting "there was a sudden spurt in demand last year," and quoting the World Silver Survey as follows: "The report says increased use of silver in industrial applications was the 'prime driver' behind the rise in the total demand last year. Overall, world silver fabrication demand grew by more than 5 percent, while use in industrial applications, such as semiconductors and cellular phones, rose by 11 percent to 378m ounces."

However, he just as quickly dashes that bullish hope by warning, "Just as supply issues begin to look more favorable in the current year, demand could tail away in key areas."

Let me make one thing clear here. I don't want to refute the numbers produced by GFMS. In fact, I frequently use their Survey results in my work. What I do want to do is challenge the conclusions - and get you to think for yourself rather than blindly accepting the above analysis. For starters, let me ask you a couple of questions:

Silver demand exceeded supply last year - for the eleventh consecutive year! Does 11 straight years of supply deficits sound like "a sudden spurt in demand" to you?

Total world silver supply last year was estimated at 300 million to 500 million ounces. Does a total supply of 300 million to 500 million ounces seem bigger or smaller than the 2 billion ounces of total silver supplies in 1980 - when the price went above \$40 per ounce?

Finally, what's the possible basis for a projection that demand could "tail away in key areas"?

To illustrate the validity of this last question, let me briefly digress from the Survey results. By now, everyone should be aware of the on-going energy problems in California and elsewhere, as well as the key arguments against most of the possible alternatives for generating additional electrical power. What if I were to tell you there is a very viable solution to this energy problem? What if I said this solution won't require a single new power plant to be built, nor any increase in the burning of fossil fuels? What if this positive solution were already fully developed and ready to implement - and, once it's in place, no new power sources will be required for many years?

Wouldn't that be a gift from Heaven, so to speak? I'm sure your answer's a resounding yes - so I'll assure you, flat out, that what I've just described does indeed exist.

What I'm talking about relates to a problem known as "line loss." Specifically, when electricity is generated, not all the power reaches the end user. A large percentage of it is simply eroded away by the resistance it encounters in the lines through which it is transmitted. In fact, this "line loss" sometimes runs in excess of 30 percent. However, there is a method that, for practical purposes, can reduce the line loss to almost nothing. It involves a technology called superconductivity.

I first became interested in this technology after reading a back grounder prepared by the Silver Institute. (Yes, the very same Silver Institute that brought you the GFMS Survey cited above. See superconductivity.) In researching the technology, I discovered there is a company that now has it fully in place the American Superconductor Corporation (ASC). ASC's corporate profile reads as follows:

"American Superconductor Corporation is a world leader in developing and manufacturing products utilizing superconducting materials and power

electronic devices for electric power applications. American Superconductor's products - and those sold by electrical equipment manufacturers that incorporate its products - can dramatically increase the capacity and reliability of power-delivery networks, significantly reduce manufacturing costs for electrical equipment such as motors and generators, lower operating costs and conserve resources used to generate electric power. Founded in 1987, the company is headquartered in Westborough, Mass. For more information, visit www.amsuper.com."

That obviously sounds great for the power-hungry people of California, but the question for us now becomes, "What does this have to do with silver?"

The answer is: Everything!

According to the Silver Institute backgrounder, the superconductivity technology requires one ton of silver per mile of superconducting transmission line.

A ton per mile! Now that's a lot of silver - a reality you have to admit even if you're bearish on silver. To illustrate, let's hypothesize a transmission line from New York to San Francisco - a line that would require about 3,000 miles of superconducting wire. That would be 3,000 tons of silver. Stated in more familiar terms, that's approximately 96 million ounces of silver.

Ninety-six MILLION! That's roughly one-quarter of last year's total industrial consumption of silver - for just one transmission line.

Since the Silver Institute is supposedly biased in favor of silver (in spite of the latest GFMS report), I didn't want to take its figures at face value. So, I called ASC for confirmation. I spoke to a corporate vice president, asking if he could verify how much silver the Company used in its technology. The answer was a very firm, "NO!" Seems it's a closely guarded trade secret.

Determined, I carried my investigation further, finally tracking down an article written by a leading utility industry forecaster. In the story, he projected the same usage - but I later found out his data also came from the Silver Institute.

Still undeterred, I took advantage of my recent interview with the Herald-Tribune, explaining the technology to the reporter and mentioning that I was having trouble verifying the quantity of silver used. The reporter loved this aspect of the story I was helping him with, so he contacted ASC as well, bringing to bear the power of the press. Unfortunately, even that power wasn't enough as he was also informed the numbers are private. And, in the one negative note in all this, he was also told that ASC is developing a second-generation superconducting product that will use somewhat less silver than is now required.

Despite that caution, however, the prospects for superconductivity still strongly reinforce my contention - which is simple. Contrary to the GFMS Survey, there's absolutely no evidence of an impending drop in industrial demand for silver. Although you certainly don't read about most of them

in the popular press, more and more applications are developed for silver every year - especially in the high-technology sector. In fact, there are so many new uses that silver might possibly be viewed as the ultimate "technology stock."

And, don't forget: The tremendous potential silver has as a component for technological advancement represents only half the story. The farther we move down the fiat money road, we may ultimately see the investment demand for silver greatly exceed the industrial demand.

Thus, in spite of what you may hear in media accounts about the Silver Institute's new GFMS Survey, I firmly believe the silver outlook remains clearly positive.

David Morgan

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END OF NORFED NEWSLETTER