

# *Fed's Insist Gold and Silver Coins Aren't "Real" Money*

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The "Liberty Dollar" is produced by an Evansville, Indiana based group called the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code (NORFED), which claims that there is a total of \$20 million in Liberty Dollars presently in circulation. The group has struck coins made of pure silver or gold, and also issues very attractive notes -- essentially storage receipts entirely backed by gold or silver, payable on demand. The coins have been accepted by many merchants nation-wide, and the metal backed notes are accepted by a network of merchants who advertise their willingness to treat them as negotiable currency.

No law prohibits the use of Liberty Dollars as a medium of exchange, whether they take the form of coins or notes. The valueless fiat currency called the dollar is "legal tender" only because we are compelled to accept it by force of "law." Granted, accepting the paper Liberty Dollars entails some risks, but the same is true of any private investment enterprise. In this, as in so much else, fraud is a real potential danger. The Federal Reserve Note (FRN), by way of contrast, is nothing but a fraud, one that is backed by the force of government.

The U.S. Constitution specifies that Congress has the power to "coin" money, and to punish counterfeiting; it also specifies that no state can "make anything but gold and silver coin a tender in payment of debts" -- a prohibition that applies, in principle, to Congress as well, since nothing in the Constitution authorizes the creation of paper money, let alone fiat currency backed by nothing but force and fraud on the part of the government.

By strict constitutional standards, the gaudily decorated pieces of rag paper and embossed slugs devoid of precious metal that the U.S. Government calls "money" are fraudulent.

Yet the Feds are preparing to crack down on the Liberty Dollar, which consists of either minted precious metal coins or storage receipts for the same, on the pretext that they are not "real" money.

"We don't want consumers to be fooled," insists U.S. Mint spokeswoman Becky Bailey. "The United States Mint is the only entity that can produce coins."

This isn't true, of course, since many companies produce beautiful gold, silver, platinum, and palladium coins. What Ms. Bailey apparently meant to say was that none of these companies has the government's permission to circulate those coins as money. But government's permission is not required, where the transaction takes place between fully informed parties -- sellers willing to accept privately produced coins or storage notes for precious metal, and buyers with sufficient specie to pay the asking price.

Here's the Federal position on this question, briefly stated:

"Real" money acceptable to the government has no real money (precious metal) in it. Real money, as defined by the Constitution, isn't "real," because it consists entirely of precious metal, without the missing ingredients necessary to make "real money": Force (the government compels people to use FRNs as legal currency) and fraud ( the term "dollar," per a 1792 law, refers to a specific quantity -- 371.25 grams -- of pure silver).

If this makes sense to you, congratulations: You're good enough for government work.