

Liberty currency is sounder than a dollar, users say

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For a few Iowans, the preferred color of money is brown, blue or purple. They're fans of the Liberty dollar, a privately printed currency touted as an alternative to the money printed by the U.S. government.

The Liberty dollar is the brainchild of Bernard von NotHaus, founder of the National Organization for the Repeal of the Federal Reserve Act and the Internal Revenue Code, based in Evansville, Ind.

Von NotHaus said his money is backed by silver and gold the organization has acquired. That, he said, makes Liberty dollars inflation-proof and would prevent cases such as federal deficits, if enough of the money were in use.

The number of Iowans with Liberty dollars could be in the hundreds, von NotHaus estimates. The state "hasn't been a real hot spot, to be honest," he said.

Steve Gus of Marshalltown, a computer technician, deals in digital Liberty dollars. He uses a Liberty dollar service to buy merchandise over the Internet, tapping a personal online account of the currency.

Fairfield businessman Art Atkinson and two colleagues lined up about a dozen businesses that agreed to accept the money, but the practice died out.

Atkinson said he wasn't able to devote enough time to get the money into wide use by educating the public and businesses about it.

"It's all about circulation," said Atkinson, with people willing to accept it as change and then use it themselves for more purchases.

Nationwide, said von NotHaus, about \$5 million worth of Liberty dollars are in circulation, with 100,000 people using them. The money has been printed and distributed since 1998. One Liberty dollar equals one U.S. dollar. Using alternative money to exchange for goods is legal, experts say, as long as both parties agree to the deal and no one claims the money is the legal currency of the United States.

In the eyes of the government, it's a form of bartering, like paying for a visit to the doctor with a pig and a dozen eggs, if the doctor agrees.

"There is no law that says goods and services must be paid for with Federal Reserve notes. Parties entering into a transaction can establish any medium of exchange that is agreed upon," said Andrew Williams, a spokesman for the Federal Reserve Board in Washington, D.C.

Rajesh Singh, an assistant professor of economics at Iowa State University, said an alternative currency might make sense in a Third World country with a shaky national currency. The need for an alternative to U.S. currency, a respected medium of exchange around the world, is a little harder to pin down. "I really don't see the point," Singh said.

Using Liberty dollars helps move control of money back to the people instead of government, von NotHaus said.

The Liberty system supports discipline in the money supply because it is tied to a tangible asset, rather than being a promise-to-pay note printed by the government.

Liberty dollars also give Federal Reserve notes competition. That should give an incentive to the government to be more disciplined in its spending, von NotHaus said. He is a former mint master of the Royal Hawaiian Mint, a maker of commemorative coins-like collectibles.

Liberty dollars get into circulation via "Liberty associates." Each new associate pays \$250 to enter the system. He or she gets \$100 in Liberty currency; the associate who referred him or her to the system gets \$100; and \$50 goes to the national organization, which von NotHaus said operates as a nonprofit group. Once on board, associates can buy more Liberty dollars at a 20 percent discount.

Von NotHaus points to Berryville, Ark., as a place where the Liberty dollar has caught on. Mike Ellis, executive director of the Berryville Chamber of Commerce, said some residents in the town of 4,400 use the money and estimates that about half of Berryville's 80 merchants accept it.

Some people see the money as a novelty, Ellis said. Others just like its look and feel, and others are responding to the philosophy of opposing the federal government's monopoly on money. Merchants see it as a way to promote local spending, Ellis said. "There's a whole wide range of appeal to it," he said.