

# *The Liberty Dollar and Alternative Currencies*

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By, Justin McHenry

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Via [Google Trends](#), I today learned about the Liberty Dollar, which has been running an alternative currency in the United States and just got [raided by the FBI](#) for reasons unknown.

According to the [Liberty Dollar Web site](#), these dollars are legitimate and not counterfeit. Of course that doesn't mean anyone will actually sell you anything if you attempt to pay in Liberty dollars. (I'd say that calling them legitimate and non-counterfeit only means that they are what they are, and that no one is trying to pass them off as government currency.)

From what I can gather, this company has created gold and silver pieces that they mint themselves and have a suggested

"value." However, they say they are not meant to compete with U.S. dollars but instead be sort of a barter money. In other words, just like I can barter my old laptop for the iPod you got at that trade show, you could barter your jeans for some Liberty dollars or vice versa. So the Liberty dollars aren't money, but they are paper and coins that look like money and you can use them to buy things provided whoever you're buying from has also decided that these papers and coins have value.

Of course, if enough people join the Liberty club and pretend that this money has value, pretty soon it does appear to be a competitor to government money, which may be the reason the U.S. is suspicious of it. Either that or the fact that [Ron Paul is now appearing on the money](#).

It's sort of an interesting situation, and interesting to think about. What if a whole bunch of us decided to pay each other in bananas? And what if more and more people started to say, "I love bananas. I'd rather get paid in bananas than U.S. dollars." And what if your hairdresser said to you, "It's \$20 or you can pay me in bananas"? Then what if at some point, almost everyone was paying each other in bananas and hardly anyone was using U.S. dollars and even big retail chains like Target or Wal-Mart started to feel forced to accept bananas as payment in order to satisfy the preferences of their customers? Even though no one has declared bananas to be legal tender, it would be clear that bananas were competing with the U.S. dollar. So what would the government do? Outlaw bananas?

My point is this: at what point does an item that you use to barter for another item become the same as currency? How many people have to accept bananas as payment (or Ron Paul dollars) before it slips from an item of barter to a currency competing with the dollar?

I don't see this as an issue of deep national concern, but perfect for blog posting or discussing with your friends while high as a kite. (Not that I advocate this. Just saying.)