

What is the cost of Liberty?

By: Charity Vogel

Buffalo News - April 12, 2006



Sharon Cantillon/Buffalo News Karl Reile is the Western New York distributor for Liberty currency, an alternative monetary system.



Sharon Cantillon/Buffalo News People who own and spend Liberty money said they they do it primarily for economic reasons.

Someday you might find one - a strange, shiny silver disc mixed in with the loose change in the bottom of your purse or your pants pocket. Hold it in your palm. It weighs in your hand like a bullet, heavy and solid.

This is a silver \$20 piece called a Liberty.

You can't take it to a bank and exchange it for "regular" money. You can't pay your taxes with it. Try to spend it in a store and - most likely - the cashier won't accept it.

That's because the Liberty Dollar is not money produced by the U.S. Federal Reserve.

Instead, it's a privately produced form of currency - backed by silver and gold in an Idaho mint - that some people in Western New York feel passionate about.

"It boils down to honor and ethics," said Karl Reile, an Elma resident who distributes Liberty money in the region. "Gold and silver are universal money."

Others around the country share their views - and are drawing attention to them.

In Oregon, a gubernatorial candidate created a stir last month when he insisted on paying his official filing fees in gold and silver. Gordon Leitch said that if he's elected he'll make Oregon the first state in the nation to return to the gold standard.

People who use Liberty money believe it will hold its value - even rise in value - over time. In contrast, they think Federal Reserve money is a false currency that will deflate in value because it is backed by debt.

Others dispute the value of the Liberty.

"To be honest with you," said Dr. Mark P. Zaporowski, professor of economics at Canisius College, "I think it's nonsense."

No doubt about it, the Liberty has caused a good deal of commotion lately.

In December, two Derby men - father and son Daniel and Shane Buczek - were arrested at HSBC Arena after a female relative with them tried to spend a Liberty at a concession stand. The Buczeks'

case is pending in Buffalo City Court, although most of the charges against them have been reduced or dismissed, said their attorney, James Ostrowski, speaking for the pair.

The incident involving the Buczeks has turned a bright spotlight on the below-the-radar use of "alternative" money in Western New York.

What is this stuff? Who uses it - and why?

People who use this kind of currency said they they do it primarily for economic reasons, not political or religious ones.

They believe they have found a monetary system that has value - unlike the Federal Reserve coins and notes which most Americans use, which have been backed by debt since the U.S. went off the gold standard in the mid-20th century.

"My reasons are economic," said Daniel "Buck" Lewis, one local Liberty user. "I'm not anti-government in any way."

Scott Leffler, a Lockport resident who hosts talk shows on WLVL AM-1340, bought a few Liberty coins in November.

"For me, it's primarily curiosity," Leffler said. "Although in general I think the less government the better. There isn't anything written that says the federal government needs to be in the currency business."

Of course, there are downsides. The biggest one is that Liberty currency - which, besides the \$20 silver and \$500 gold coins, includes silver-backed paper bills as well - does not meet with friendly acceptance at most places of business.

Still, it's not illegal, and it's not "counterfeit" money.

At the U.S. Secret Service offices in Buffalo, where federal officials are charged with eradicating counterfeit money, agents said the Liberty money is not an imitation of Federal Reserve money and thus is not counterfeit currency.

"We had an agent that went over there (to HSBC Arena) and took a look at these items," said Michael C. Bryant, special agent in charge. "We evaluated that this was not a matter of counterfeiting. It is not related to U.S. currency. Our expertise ends there."

Trading in Liberty dollars is a lot like bartering, Bryant said.

For example, you can legally trade socks for cheese if you want to - as long as both parties to the transaction agree upon it - and nobody can say anything about it.

The Liberty Dollar was developed six years ago by Bernard von NotHaus, formerly a mintmaster at the Royal Hawaiian Mint, who decided to create an alternative form of currency backed by precious metals.

Von NotHaus runs NORFED, the National Organization for the Repeal of the Federal Reserve Act, which claims it has distributed \$10 million worth of Liberty money into the U.S. system.

On the Liberty Dollar website, www.libertydollar.org, Von NotHaus proclaims "Bernard's Law": "When the people own the money they control the government. When the government owns the money, it controls the people."

Liberty dollars are inflation proof, their proponents argue, in that they are backed by stockpiles of silver and gold kept in a private mint in Coeur d' Alene, Idaho.

"The Liberty Dollar is backed by something real," said Mike Johnson, who works as vice president for sales and marketing at a local company. "It seems to be innate in humans to want something with real

value - not just a piece of paper with symbols on it. Money is important. It's something we work hard for."

Dr. Zaporowski, the Canisius economist, said that "goldbugs" who fixate on the country's elimination of the gold standard following the privatization of American money in 1913 and after seem to be behind alternative currencies like the Liberties.

"There are people who say we should return to that because inflation would be under more control," the economist said. "Let's look at inflation over the past 10 years: it's been very, very reasonable and moderate."

The "gold standard" refers to the time in U.S. history when dollars were backed by gold and silver. (Latter-day advocates for a return to the gold standard included President Ronald Reagan and Jack Kemp, economists said.)

"Not all, but most economists would say that system was too rigid," said Dr. Zaporowski. "Do we really want zero inflation? I'm not so sure of that."

Most businesses will not accept Liberties - although some do by accident, because they don't recognize them and assume they are a form of Federal Reserve money.

That can cause confusion, as it apparently did at HSBC Arena when the Buczek family tried to spend a Liberty piece.

According to Ostrowski, their attorney, the Buczeks did not force the issue with the concession stand, instead paying with Federal Reserve money and then returning to their seats. Security officials approached them in their seats and an exchange ensued, the attorney said.

Some Liberty users said they have been able to spend them successfully.

"I use them all the time," said Lewis, who owns a local auto repair shop. "But I don't try to spend it anywhere where I know it won't be accepted. And I won't ever use it without telling people what it is. I don't ever drop it down on the counter and just walk out."

Reile maintains a website - www.communitycurrencyassociation.com - which lists some businesses in the area which accept the Liberties.

He said he's trying to add businesses to the list, in an effort to build a network of Liberty-friendly retailers throughout the region.

In the meantime, he said, he's trying to spread the word among average people about how pleasant it can be to walk around with a pocketful of heavy, shiny, silvery coins.

"I've worn so many pairs of pants out," he said, "let me tell you."