

Gold as Money Recognized by Utah Legislature

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Utah lawmakers recognize *gold* as legal tender

State leads growing move to prepare for dollar's plunge

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Utah lawmakers today gave their final approval to a plan that recognizes gold and silver as legal tender in the state, and if signed by Gov. Gary Herbert, it would allow that standard for the first time in the United States in some three generations.

H.B. 317, sponsored by Rep. Brad J. Galvez and Sen. Scott K. Jenkins, explains "this bill recognizes gold and silver coins that are issued by the federal government as legal tender in the state and exempts the exchange of the coins from certain types of state tax liability."

According to officials with the Utah branch of the Tenth Amendment Center, the bill is hoped to serve as "a first step" in the move by the state back to constitutional standards. According to a report from Connor Boyack of the Utah center, "Article I, Section 10 of the U.S. Constitution states emphatically that 'no state shall make any thing but gold and silver coin a tender in payment of debts.'"

"Plainly put, this is the goal: to restore the Constitution's mandate of gold and silver as the only currency accepted in payment of debts by the states," he wrote.

At the Tenth Amendment Center was the explanation, "Over time, as residents of the state use both Federal Reserve Notes and silver and gold coins, the fact that the coins hold their value more than Federal Reserve Notes do will lead to a 'reverse Gresham's Law' effect, where good money (gold and silver coins) will drive out bad money (Federal Reserve Notes). As this happens, a cascade of events can begin to occur, including the flow of real wealth toward the state's treasury, an influx of banking business from outside of the state (as citizens residing in other states carry out their desire to bank with sound money), and an eventual outcry against the use of Federal Reserve Notes for any transactions."

Proponents of the gold-based system reflect that the Constitution assigns to Congress the responsibility to mint coins for monetary use, and does not authorize or even acknowledge the Federal Reserve, which now controls the nation's monetary policy and currency.

"With this vote," wrote Boyack, "Utah has demonstrated leadership among the states on the issue of sound money in taking one step towards the constitutional mandate that has for decades been ignored."

Other similar proposals have been developed in Colorado, Georgia, Indiana, Iowa, Missouri, Montana, New Hampshire, Oklahoma, South Carolina, Tennessee, Vermont and Washington.

The Tenth Amendment Center reports this type of bill is becoming increasingly popular as the U.S. dollar is "plummeting in value."

Besides establishing gold and silver as legal tender and authorizing its use in the state, the plan also calls for a study of "establishing an alternative form of legal tender for the payment of debts, public charges, taxes, and dues within the state" and for a commission to "recommend whether legislation should be drafted to establish an alternative form of legal tender."

According to reports, gold backed U.S. currency until 1971 when President Richard Nixon stopped allowing dollars to be redeemed for gold.

U.S. Rep. Ron Paul is a longtime advocate for a gold standard, and has been known also to advocate for the elimination of the Federal Reserve.

Federal Reserve Chairman Ben Bernanke, according to a Fox News report, is critical of such actions.

Gold did deliver price stability in the past, he said, but there's not enough gold today to effectively support U.S. monetary policy.

Jeff Bell, of the American Principles in Action, which worked on Utah's plan, told Fox News the bill would send a message.

"People sense that in the era of quantitative easing and zero interest rates, something has gone haywire with our monetary policy. But people are afraid to say it," said Bell. "If one state recognizes gold as a valid currency, I think it would embolden people not just in other states but in Washington."