Is it sounder than a dollar?

Proponents of an alternative currency called Liberty Dollars say they know what U.S. money is worth: "Zilch."

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CAMP HILL, Pa. - In a suburban house decorated with American flags and a pencil portrait of President Reagan, three men who call themselves patriots are waxing cranky about the United States.

Their anger begins with the Federal Reserve and its monopoly on America money.

"When the government owns the money, it controls the people. When the people own the money, they control the government," said Bert Olley, 84, a semi-retired businessman whose basement office is a regional clearinghouse for the alternative currency called Liberty Dollars.

Privately minted in Coeur d'Alene, Idaho, and made of silver, Liberty Dollars are a hedge against inflation because they have intrinsic value, according to the Indiana organization NORFED - the National Organization for the Repeal of the Federal Reserve Act and Internal Revenue Code - which began distributing them eight years ago.

Today, with more than $20 million in Liberty currency in circulation, the group claims a network of about 100,000 people who collect Liberty medallions, (known as "specie"; don't call them coins), and 2,500 merchants nationally who accept them in trade. Pennsylvania is among the group's 10 fastest-growing states, a spokesman said. (By comparison, a federal official said, there is an estimated $700 billion in official U.S. currency in circulation.)

Though competing with the almighty dollar might seem like a crackpot's game, the U.S. Mint, fearing pollution of the wider money supply, takes the group seriously.

"We don't want consumers to be fooled," a mint spokeswoman said in a recent alert, adding that the Justice Department says it's a crime to use Liberty Dollars as legal tender.

The idea behind the alternative money is simple: Unlike Federal Reserve notes and federally minted coins, which once were made of or backed by precious metal (but which since the abolition of the gold standard in 1933 and the silver standard in 1968 have virtually no intrinsic
value), Liberty currency contains bullion. A $5 round, for example, contains a quarter-ounce of nearly pure silver, worth $2.79 at the current spot price.

"The value of [official] money right now is like, zilch," said Gene Boyer, 67, a Harrisburg barber and sportsman who began buying $5 Liberty pieces to be given out as prizes at pistol shooting competitions and who has encouraged customers to spend them for haircuts at his shop.

Carl Simpson, 68, a retired security guard in Northeast Philadelphia, saw Liberty Dollars advertised in a magazine and bought $1,500 worth.

"The paper that is our money right now could be worthless tomorrow when you wake up. But a silver dollar is a silver dollar," said Simpson, who thinks returning to a hard currency standard would force the government to be more fiscally responsible.

Katherine Dibling, a spokeswoman for the Federal Reserve Bank of Philadelphia, said the Federal Reserve Board in Washington would have no comment.

Yet NORFED contends that the "Fed," which Congress established in 1913, fuels inflation when it issues dollars backed only by the government's promise to pay. And though the national debt soared to more than $6 trillion between 1913 and 2001, the purchasing power of the greenback declined 96 percent over the same period, say Liberty's proponents, citing U.S. Treasury and Department of Labor statistics.

To use a concrete example, in 1948, gasoline sold for 25 cents a gallon, so a buck bought four gallons.

The dollar of that era was a silver certificate backed by just over three-quarters of an ounce of silver. That same quantity of silver still buys about four gallons at today's prices - proof, say Liberty's advocates, that precious metal retains its value while Federal Reserve notes, which they derogatorily call "FRNs," diminish in value the moment they hit the street.

Though prosecutors around the country have occasionally charged people with theft and other offenses for "spending" Liberty Dollars into general circulation, Liberty lovers like G. Friedrich "Fritz" Schrom, 46, of Lititz, Lancaster County, say they will fight the government's monopoly.

"Don't tell me what to use for money. I'll use what I want for money. If I want to use Grandma's engagement ring I'll use Grandma's engagement ring," said Schrom, an unconventional character who drives a hybrid car that gets 60 miles to the gallon, home-schools his 10 children, and sells insurance for a national company.
Responding to the government's warning, Liberty's promoters have embraced the advisory as a marketing tool.

"Goliath just introduced David to millions of Americans as a nationally recognized underdog. Just as Pepsi went up against Coke with their 'Take the Pepsi challenge'... the Liberty Dollar will take it to the people to decide which currency they should use," NORFED executive director Mike Johnson said.

Though generally shinier than U.S.-minted money, silver Liberties can look quite similar to the real thing. The design includes Lady Liberty's torch and a depiction of her crowned head. Where official currency says, "In God We Trust," Liberties say, "Trust in God." In place of "United States of America," the Liberty is inscribed "USA."

For devotees like Schrom, using them in public transactions is a principled act - but also fun.

"You want silver or you want debt?" he asked a young cashier at the Park Place Diner in Adamstown, Lancaster County, recently. "Silver," she shot back as though the question were a no-brainer.

So Schrom paid for his lunch with a $20 Liberty and took a few "FRNs" in change.

Later, when he offered a shiny new Liberty to pay the Pennsylvania Turnpike toll, as he had done successfully before, the attendant balked, insisting on "legal tender."

Schrom affably obliged.

"In times of a change the patriot is a scarce man; brave, hated and scorned," he said, quoting Mark Twain for the benefit of his passenger as they peeled away from the toll booth. "When his cause succeeds, however, the timid join him, for then it costs nothing to be a patriot."