

Alternative Currencies

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THURSDAY, MALAH 1. Earlier today I wrote about alternative currencies. Different money. Invented money. Let me mention another fascinating possibility. NORFED. Norfed.org explains its silver and gold backed paper as an alternative to Fed Reserve notes.

ADD: NORFED paper is redeemable for silver or gold, and it can stand in, one-for-one, for Fed Reserve bills. An article on the site points out quite clearly that, in the time of the great depression, America was really in great shape. Lots of workers, lots of land and resources, lots of will power and ingenuity. It was the government that had announced there was a shortage of paper money.

ADD: Well, of course. The printing presses that make \$\$ had stopped rolling, and banks were calling in debts like there was no tomorrow. That's called an engineered failure.

ADD: But some Americans didn't buy into the scam. They started issuing their own currencies. What a novel idea. If it seems strange, that is just a measure of our own long snooze, our own hypnotic trance, our own passive acceptance of centralized power. If money is a god, it ain't a monotheistic religion.

ADD: The abstraction of money is what confuses us. Essentially a way of keeping score on the bartering of goods and services, money has become a thing in itself, such that shutting down the printing presses or accelerating them is assumed to affect wealth. Nothing could be further from the truth.

THURSDAY, MALAH 1. A reader informs me that he is aware of over 100 private money systems operating in the US. Right now. Most of them are localized. They issue legal paper which they use to exchange services and products. Just like "real" money.

ADD: I know about a few of these systems--in particular, Ithaca Hours, which was started by a very innovative thinker named Paul Glover, who once walked from Boston to San Diego just to see what was happening in the US for himself.

ADD: I am told that, during the depression of the 1930s, there were well over 1000 private currencies in the US. What I like about the current local currency scene is this: people from every political corner invent their own \$\$\$. It is in a way a movement that connects the left and right.

ADD: The knee-jerk reaction to all this is fear that the country will somehow split apart, that the common basis of exchange will so fracture that "America" will be lost.

ADD: I disagree. In fact, I believe that "many currencies" is in the spirit of the original meaning of this country. Freedom was thought of as FREEDOM. It was assumed that individuals would create their lives in very different ways.

ADD: After all, isn't it a contradiction to say that freedom is a force that makes all people the same?

ADD: Money, over the centuries has been defined in various ways. But one definition of money is, "The hypnotic effect of a central printing press." As we watch the stock slide, we should reassess money itself. Why should we knuckle under to a system that ignores our needs?

ADD: A few years ago, the Ithaca Hours money people were visited by news crews from Europe, who made a big story out of their venture. Why? Because in Europe there were a whole lot of people who were (and still are) very leery of the Eurodollar and the catastrophes it represents.

ADD: Right now I'm sitting here looking at several paper bills Glover sent me, the Ithaca Hours bills. They're pretty convincing.

THURSDAY, MALAH 1. Greenspan disappointed Wall Street by refusing to announce new interest rate cuts. Stocks continue to tumble. Excuse me, but isn't there another way to look at all this?

ADD: Where is it written in the Constitution that the Fed Reserve must set the lending rates of all banks? What would happen if every bank could set its own interest rate? Wouldn't that spark competition to give borrowers the best deal in town?

ADD: I asked this question to a financial analyst and his answer gave me a headache. I couldn't understand a word he was saying. It was as if I were entering a no-brain zone. The analyst assured me my idea just wouldn't work.

ADD: Well, if every toaster in the country were pegged to a certain price by the Federal Toaster Board, which was the only entity that could change the price...then we would all become convinced that toasters had to be sold at the currently pegged level, right? We would all cave in. We would all abandon our common sense.

ADD: We would all assume that it would be dangerous for different sellers to decide how to determine their toaster prices.

ADD: Somehow I think this is a good and proper analogy. I think that if banks were free to set their own lending rates, the illusion of Fed Reserve wisdom would shatter like a pane of glass. The "market" in lending rates would eventually find its own level, based on what borrowers would go for.

ADD: Of course, in that case it would be more difficult to arrange and create big market ups and big market downs. It would be harder to create artificial cycles of inflation and depression.

ADD: Is there a bank out there that wants to set a new lending rate at 3%? Seems like I've heard that discount sellers make their money through volume, through lots of customers pouring through the door to buy. Wouldn't that happen here?

ADD: It all sounds too simple, doesn't it? Just like freedom.