

What is the Liberty Dollar?

“Emerging currency” advocate works for return to gold standard

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Mooreville Decatur-Times

Article I, Section 10 of the U.S. Constitution states, “No state shall...coin Money; emit Bills of Credit; make any Thing but gold and silver Coin in Payment of Debts.”

This is an important section of the nation’s law that has gone largely ignored by the government, Liberty Dollar associate Herb Johnson said.

Johnson, a recent retiree living in Camby, hopes to spread knowledge about the Liberty Dollar, a currency many small communities have begun to circulate to compete with the fiat currency on which the United States operates. Johnson is certified by the company to speak on behalf of the eight-year-old currency to local businesses, he said.

The Liberty Dollar is an alternative form of national currency initiated in 1998 by a minter named Bernard von NotHaus, a retired mintmaster of the private Royal Hawaiian Mint. The currency is minted and warehoused in Couer d’Alene, Idaho, and its national offices are in Evansville. Liberty Dollars are issued by NORFED, a national, nonprofit, educational organization whose name is a partial acronym for “National Organization for the Repeal of the Federal Reserve and Internal Revenue Service.”

The Liberty Dollar is advertised as “real” currency that is inflation-proof, according to the Web site www.libertydollar.org. The company claims that more than 100,000 people are using the currency.

The U.S. dollar has lost between 96 and 98 percent of its value since compared to the 1913 dollar, according to the Web site. The company wants to return to gold and silver backing, the only way, according to the Web site, that inflation will stop and the dollar will stop losing value.

Federal Reserve notes, the national currency, are a fiat currency. Fiat money gains its purchasing power from a government declaration and not from a backing commodity. Johnson said Liberty Dollars are backed with gold and silver and will not depreciate as fiat money has been shown to do.

Gaining local exposure

Johnson became interested in the Liberty Dollar through the Internet, which led him to attend an Indianapolis conference for the company last November.

“I met several other intelligent, informed people,” Johnson said. “I was convinced we can save the economy”

Some northern Indiana communities are already trying this currency, Johnson said, hoping to integrate it into local economy.

Contemporaries of the Liberty Dollar are digital gold currencies, which is electronic money backed by gold reserves. DGCs have been in use since the company e-gold began distributing them in 1996, according to www.e-gold.com. Several other companies have begun issuing similar DGCs since 2000.

Johnson said he’s been politically active before, but nothing has convinced him to get involved like this.

“If people could only see what’s happening,” he said. “It’s when, not if, Federal Reserve collapses.”

Difficult to integrate

Mooresville Chamber of Commerce Treasurer Dair Grant said he did not have much experience with the Liberty Dollar or other types of currency competing with the Federal Reserve notes. Acceptance of an alternative to the nation's fiat currency, he said, poses more hurdles with individuals than with banking institutions.

"The gold standard is very difficult for a country as large as the United States," Grant said. "Fiat money is necessary.

"If somebody tried to pay with (Liberty Dollars), many people would balk at it."

The problem with alternative currencies is that they are not widespread, he said, so they are not easily accepted as a viable option.

"It could work with business owners in small communities," Grant said. "People would get to see it" and feel comfortable using it.

"If enough people accept it, more power to them; if it's accepted by Congress, then it's legal."

Johnson said he is involved with the Liberty Dollar to protect the economy for the longterm. The U.S. monetary system makes the economy like a balloon — one which will inevitably burst, he said.

"I saw the results of the 1929 Depression, and I don't want my children or grandchildren to go through the same thing," he said.

Gradual acceptance will lead to increased use of the Liberty Dollar, he said. Shying away from the term "alternative currency," he said, Liberty must be an "emerging currency," not an immediate replacement or alternative to Federal Reserve notes. The hope is to build its usage from local communities and eventually bring it to the state level.

"This has started in several communities in the U.S.," Johnson said. "Silver always has value. Gold is fungible, it's divisible, it's portable.

"I can see where it won't go quickly, due to tradition and custom. If people don't have enough foresight to look into the future...they won't learn to save."