

## The Future of Money?: With the Economy a Wreck, Alternative Currencies Could Gain Traction

Written by Jeff Ignatius

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In the Chambersburg, Pennsylvania, area, you can walk around with coins in your pocket that can be exchanged for goods and services at more than five dozen merchants. They say "Liberty" and "Trust in God" on the front, and on the back they claim a value of \$20 or \$50. They're made of silver, and they are neither produced nor endorsed by the federal government.

In Fairfield, Iowa, those same coins are accepted at more than 15 merchants, from Mexican restaurants to Radio Shack.

They're called Liberty Dollars, and they're part of a movement called "community currencies," or "alternative" or "competing" and "complementary" currencies. And with the economy seemingly getting worse each day, you're likely to hear a lot more about them.

### Different Concerns, Different Conceptions

Most people accept the Federal Reserve Note as the United States' currency, and we conduct almost all of our transactions in that currency.

But several factors are driving people to seek alternatives.

On the one hand, the Federal Reserve monetary policy has devalued the currency. In 2008, the dollar had only 38 percent of the purchasing power it had in 1980, and last year it was worth less than 4 percent of its 1900 value.

"The U.S. dollar could be a good currency if you had tight central control," said Dan Priest, CEO of the company that produces Liberty Dollars. "The trouble is that it is so tempting to run the printing press that politicians always give in."

On the other hand is the global and corporate economic culture that excludes many people, and sucks resources out of communities.

From those two very different concerns have sprung two very different conceptions of alternative currencies, one generally conservative and the other more liberal. "There's an incredible spark in interest right now" in alternative currencies, Priest said.

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On the conservative side are people concerned about how U.S. monetary policy - specifically the decoupling of the dollar from the value of precious metals - has led to the devaluation of currency. They point out United States legal tender is inherently worthless and have developed coins and bills backed by silver and gold. "It's just green paper with ink," Priest said of Federal Reserve Notes.

On the liberal side are people who believe the dollar-based economy excludes people with valuable skills, and who believe that the money generated by that economy doesn't stay in the community.

"These [alternative-currency systems] enable businesses and individuals that otherwise could not participate in the regular U.S. dollar economy to gain a medium of exchange - a local currency that they can use," said Lewis D. Solomon, professor of law at the George Washington University Law School and author of the 1996 book *Rethinking Our Centralized Monetary System*.

Just as important, Solomon said, the money stays in the community. "It's a way to help a region, a locality where the currency circulates," he said. "Local currency is one of the few ways you can build a local or regional economy," because by its nature as a community currency, it's not likely to be accepted outside that community.

### Something of Value, No Matter What

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