



Written by [Alex Newman](#) on May 1, 2012

Missouri Sound Money Act Would Make Gold & Silver Legal Tender

As outrage and concern over the Federal Reserve and its embattled fiat currency continue to grow, lawmakers in Missouri are considering legislation to protect residents by making gold and silver legal tender within the state. If passed, Missouri would join the state of Utah — which adopted a similar sound-money law last year — in its efforts to expand the monetary choices available to citizens.



Known as the “[Missouri Sound Money Act of 2012](#),” House Bill 1637 would define precious metals issued by the U.S. government as lawful money inside of the state. U.S. gold and silver coins would then essentially be valued in commerce at the true market-price of the metal instead of the largely irrelevant face value assigned by the federal government.

The legislation would also eliminate an array of state taxes on gold and silver — capital gains and sales taxes, for example — in a bid to allow honest money to circulate more freely alongside the Federal Reserve’s inflationary debt-based paper currency. Federal taxes would not be affected, however, leaving at least one significant impediment to establishing true competition among currencies.

Under the proposed law, people would still be able to refuse payment in precious metals, and nobody could be compelled to pay in gold or silver. But supporters of the bill hope to establish sound-money depositories that would allow citizens to deposit precious metals and use debit cards to pay bills out of their accounts. The competition in currency, advocates say, would usher in an array of benefits.

A broad alliance of activists has worked tirelessly to advance the popular bill and similar measures in at least a dozen states, often for diverse reasons. Douglas Tjadon of the Sound Money Center and Greg Franco from the Utah Gold and Silver Depository both testified in favor of the legislation in Missouri.

“It’s about giving citizens of Missouri an alternative to the dollar that is not affected by the monetary policies undertaken in Washington,” Economics Director Rich Danker of the group American Principles in Action was quoted as saying in press reports. Some analysts, meanwhile, tried to portray the bill as merely a “[protest](#)” against the federal government and the privately owned Federal Reserve.

Rep. Paul Curtman, one of the sponsors of the bill, explained that the Fed and the federal government had created an inflationary situation by creating enormous amounts of new currency to bail out big banks. And the effects on prices are already being felt, he noted, adding that serious inflation may soon ravage the dollar’s remaining purchasing power even further.

During a debate about the legislation in the state House of Representatives, one lawmaker [admitted](#) that she did not understand the bill — yet she said she opposed it anyway. Rep. Curtman responded by patiently attempting to explain some basic economic principles and why Missourians would benefit from competition in currency.

The legislation would, for example, help citizens to “hedge against inflation” and “protect the



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purchasing power” of their wealth by allowing them to save and trade in non-inflationary money. Meanwhile, the state would benefit by providing “more economic freedom” to the people of Missouri, Rep. Curtman explained.

“When prices begin to rise on the commodities index, I don’t know about you, but I don’t know of a lot of people in my district that have been getting a pay increase of 30, 40, 50 percent,” Curtman added, citing official data about the wild expansion of the currency supply in recent years. “It is a state issue because everybody in our state uses Federal Reserve Notes ... That’s something that we’re all suffering from.”

Under a century of Federal Reserve control, the U.S. dollar has lost about 95 percent of its purchasing power so far. The price of gold and silver in Federal Reserve Notes, on the other hand, has risen meteorically. Gold, for example, was worth less than \$20 per ounce in 1913. Today the price is over \$1600. And unless something changes, that trend is expected to continue as Americans’ wealth is quietly siphoned away.

According to an [official summary](#) of the sound-money legislation in Missouri, proponents say there are many reasons why state-based efforts to move toward honest money are worth supporting. Chief among them: the disastrous monetary policy and currency system currently plaguing America.

“The fiat money in use today is backed by nothing but debt,” the summary notes. “Each time money is issued, it creates more debt.” Of course, because virtually every single new dollar is issued as debt with interest, it becomes mathematically impossible to escape the debt trap. And Americans — particularly the poor and middle classes — pay the price.

There are many other reasons to support the bill, too, its backers say. “There are historical, constitutional, and economic reasons to support this choice of currency for Missouri citizens in light of our current economic environment including declining faith in the U.S. monetary system and concern about rising inflation,” the summary explains, citing supporters of sound money. “The bill opens the door for expanded economic development by attracting capital to the state.”

Fiscal analysts [estimate](#) that the Missouri Treasury could lose about \$370,000 per year in revenue if the legislation is enacted — mostly because state taxes on precious metals would be eliminated. Advocates for smaller government, of course, see that as an added benefit — though admittedly a small one. The bigger issue by far is still currency.

As awareness about the problems with central banking and debt-based currencies continues to sweep across the nation, the sound-money movement has been gaining momentum quickly. Supporters of the Tenth Amendment to the U.S. Constitution have played a key role in the process, working alongside economists and a broad coalition of liberty-minded organizations to build public pressure on officials.

Utah became the first state in recent memory to recognize gold and silver as legal tender last year even as scores of other legislatures began debating ways to deal with the looming dollar crisis. South Carolina is still considering a similar law during this legislative session, and activists are working hard to get sound-money bills enacted in dozens of states.

“These are small moves at the moment, which are happening in state legislatures, not federal legislation out of Washington,” [noted](#) financial analysts with the GoldMoney News Desk. “Nevertheless, such a groundswell could be a harbinger of something bigger on America’s monetary-policy landscape.”

The legislation in Missouri has already cleared several significant hurdles and was approved in the state



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House last month. The bill failed the first time because many state representatives were not on the floor. However, when the bill was resurrected in the afternoon, it passed overwhelmingly: 95 in favor against 37 opposed.

According to the [Tenth Amendment Center](#), which supports the bill as part of its mission to restore states' rights under the Constitution, Republican state Sen. Chuck Purgason is now expected to push the sound-money legislation through the Senate Ways and Means committee. But with less than a month left in the legislative session, the clock is ticking.

If the legislation is approved by the state Senate, it will go to Gov. Jay Nixon's desk before becoming law. However, it remains unclear whether the Democrat Governor will sign it — he reportedly has taken "no position" yet on whether Missourians should be free to use sound money without paying extra taxes.



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