

## **A Modest Proposal: State Banking**

The Idaho Campaign for Liberty Sound Money Taskforce has been working on two proposals for state legislation to promote sound money, while supporting Ron Paul's national agenda. One proposal is offered by James Stivers who chairs the C4L State Sovereignty Taskforce and who is currently a candidate for State Senate. There has been a dispute between the two taskforce chairmen. Let's see if logic can help. Ron Paul's national proposal, Phil Hart's state proposal, and candidate Stivers' campaign proposal are presented for comparison.

Here are the current proposals for monetary reform. Notice the similarities and the differences:

- 1) Ron Paul's Competing Currencies Act which would remonetize gold and silver coins and allow them to circulate alongside of Federal Reserve Notes, *a fiat currency*.
- 2) Phil Hart's Idaho Silver Gem Act which would remonetize gold and silver coins and allow them to circulate alongside of Federal Reserve Notes, *a fiat currency*.
- 3) James Stivers' Public Banking Act which would remonetize gold and silver coins and allow them to circulate alongside of Federal Reserve Notes, *a fiat currency*.

**But the Sound Money Taskforce has criticized Stivers' proposal as a fiat money scheme. Notice that all three proposals could be considered a "fiat money" scheme using this logic.**

What is the *difference* between these three proposals?

- 1) Ron Paul's Competing Currencies Act is a federal-level proposal which would leave the private banking cartel system intact.
- 2) Phil Hart's Idaho Silver Gem Act is a state-level proposal which would leave the private banking cartel intact.
- 3) James Stivers' Public Banking Act is a state-level proposal which would leave the private banking cartel intact, *but would require that all state tax receipts be deposited in a public depository instead of private banks.*

**Yet, the Sound Money Taskforce has criticized Stivers' proposal as a socialist scheme to abolish private banking. What would be wrong with a public depository or vault for public tax receipts while reserving private banks for private money? Why must public monies be deposited in private banks?**

What is the *effect* of these three proposals?

- 1) Ron Paul's Competing Currencies Act does not stop fractional reserve banking, but does allow contracts denominated in specie.
- 2) Phil Hart's Idaho Silver Gem Act does not stop fractional reserve banking, but does allow contracts denominated in specie.

- 3) James Stivers' Public Banking Act does not stop fractional reserve banking, but does allow contracts denominated in specie ***and also prevents state tax receipts from being used by private banks in the fractional reserve process.***

**Yet, the Sound Money Taskforce has criticized Stivers' proposal as a scheme to promote the fractional reserve process.**

It seems utterly hypocritical to criticize Stivers' proposal for public banking, when the other proposals do the same thing as his does, yet they fall short of protecting the Idaho economy.

Where the other proposals may have the support of the federal constitution, Stivers' proposal has the support of *both* the federal constitution and the state constitution. Where the other proposals fail to protect the domestic economy from the flight of capital from Idaho through the fractional reserve process, Stivers' proposal *does* protect it by restricting its use exclusively to the Idaho economy.

While the other proposals redirect sovereignty into the hands of speculators and the foreign interests which control Idaho's mines, Stivers' proposal returns it to the public domain under the trust of Idaho's elected officials per the Idaho Constitution's "Idaho Municipal Bond Bank Authority."

An Idaho State Bank would be a **depository (or vault)** for tax receipts in the form of Federal Reserve Notes, gold certificates, silver certificates, and other negotiable instruments. It would be used to fund those legitimate functions of government outlined in its state constitution. It would not be a commercial bank involved in private lending and competing with investment banks for profits.

These points have been stated before, but Stivers' detractors continue to ignore his protestations. Do we have a severe case of muddy brain, or is there something else going on here? Time will tell the tale.