



I have heard a great deal of nonsense about money, and it is analogous to the nonsense about land from non-Georgist libertarians, so I will get right to the nub of the matter.

There is no coercion in government issuing money. Rather, the coercion comes from government demanding rent in a money that it does not issue on an egalitarian basis, or in a form that ordinary people cannot produce.

While gold might have served as money in the absence of government, it does not serve for government to demand gold, or to demand produce of any kind according to its value in gold, for the latter is a distinction without a difference. If one cannot get the demanded gold for a ton of turnips and pay in gold, then the turnips are, de facto, not worth the gold demanded, and will not satisfy the tax.

Wherever gold or silver, but especially gold, has been the currency standard, it has been relentlessly hoarded, with the hoarders issuing allegedly gold-backed notes and demanding interest for them.

Nor is there any reason to play around with bonds, as a government that can be trusted to issue a \$100 bond can also be trusted to issue a \$100 bill. Republics have successfully issued fiat currency throughout history, and, contrary to the hysterical stories of the gold-bugs, have done so with great integrity, creating stable values.

All government needs to do is stop borrowing money and simply print it and spend it. The volume of money put into circulation should simply be that which keeps overall prices stable. That is, if the Consumer Price Index does not move, the right amount of money is in circulation, and government should issue money at the same pace as the prior month. Government should merely slow the issuing of money when the price index rises, and hasten the issuing of money when it falls.

Within a system of productivity taxation, government would issue new money simply by meeting its payroll with new money, and notifying taxpayers to reduce payments accordingly. In a system of dividends, government would tack the new money on to the amount of the dividend. Thus, each person might get a \$300 dividend from rent, and an extra 25¢ from new money.

Meanwhile, much funny-money could be removed from the system by raising the fractional reserve requirement and/or reducing FDIC insurance to depositors. Ultimately, people would stop borrowing from banks, and depositors would get no interest anyhow. They might even have to pay a storage fee.

It really isn't as hard as people make it out to be.

**GJ**

*(reprinted from the Land-Theory email list.)*