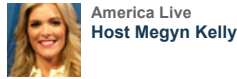




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STATE & LOCAL

Utah Considers Return to Gold, Silver Coins

By Stephen Clark
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AP2008
The Utah House was to vote as early as Thursday on legislation that would recognize gold and silver coins issued by the federal government as legal [currency](#) in the state. (AP)

It's been nearly 80 years since the U.S. stopped using gold coins as legal currency, and nearly 40 since the world abandoned the gold standard, but the precious metal could be making a comeback in the United States -- beginning in Utah.

The Utah House was to vote as early as Thursday on legislation that would recognize gold and silver coins issued by the federal government as legal [currency](#)

in the state. The coins would not replace the current paper currency but would be used and accepted voluntarily as an alternative.

The legislation, which has 12 co-sponsors, would let Utahans pay their taxes with gold and also calls for a committee to study alternative currencies for the state. It would also exempt the sale of gold from the state capital gains tax.

The bill cleared a state legislative committee on Wednesday, the first of 11 similar bills in statehouses across the country to do so. If the bill clears the House, it would have to pass the Senate before the governor could sign it into law.

Attorney and Tea Party activist Larry Hilton, author of the original bill, said he doesn't foresee any roadblocks.

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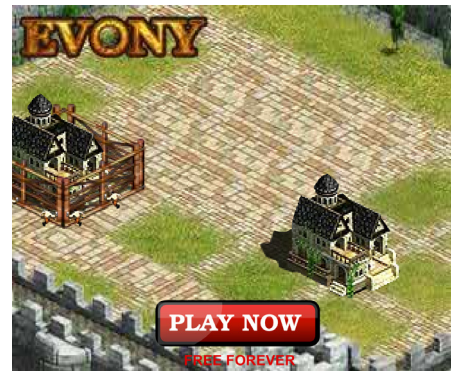
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"There's enough uneasiness going on in the economy to trigger people to feel that, hey, having a little Plan B, kind of a backup system, is not a bad idea," he told FoxNews.com.

The U.S. used some version of the gold standard from 1873 until 1933, when President [Franklin D. Roosevelt](#) outlawed the private ownership of gold amid the [Great Depression](#). An international monetary system based on a gold-[exchange](#) standard continued until 1971 when President [Richard Nixon](#) stopped the U.S. from redeeming dollars for gold altogether.

Critics of the gold standard say it limits countries' control over its monetary policy and leaves them vulnerable to financial shocks, such as the Great Depression. But supporters argue that the current financial [system's](#) dependence on the Federal Reserve exposes the value of U.S. money to the threat of inflation.

Rep. [Ron Paul](#), a longtime critic of the Federal Reserve who has called on a return to the gold standard, has praised Hilton's efforts.



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"Efforts such as yours in states around the country highlight the importance of returning to sound [money](#)," Paul wrote in a letter to Hilton. "Even if such efforts fail to achieve legislative success on their first try, their importance lies in bringing to the public's attention the problem of the ever-weakening dollar and the necessity of returning to a sound monetary system."

Hilton said the bill before the House doesn't go as far as his original draft, which was more sweeping, including recognizing more than just U.S. minted coins and more details on specific tax treatment. But he said he's willing to take it step-by-step.

He also said he's not pushing to restore the gold standard in the U.S.

Federal Reserve Chairman Ben Bernanke this week dismissed the notion of the gold standard returning to the U.S.

"It did deliver price stability over long periods of time, but over shorter periods of time it caused wide swings in prices related to changes in demand or supply of gold," he told the Senate Banking Committee. "So I don't think it's a panacea."

Bernanke also said that gold couldn't return as the world standard because there's not enough gold in the world to effectively support the U.S. money supply.

Hilton said he's taking a positive approach to the issue.

"This is not an anti-dollar issue at all," he said. "We want to strengthen the dollar. We think by introducing gold and silver of our nation's history, by injecting that into the debate is very healthy for our policymakers."

Jeff Bell, a policy director for the Washington-based American Principles in Action (APPIA), which helped shape the Utah bill, told FoxNews.com that passage of the bill would send a message to Washington and other states.

"People sense that in the era of quantitative easing and zero interest rates, something has gone haywire with our monetary policy. But people are afraid to say it," said Bell, who was an adviser to Ronald Reagan's 1976 and 1980 presidential campaigns. "If one state recognizes gold as a valid currency, I think it would embolden people not just in other states but in Washington."

Bell credited [Tea Party](#) activists for advancing the legislation this far. Rep. Brad Galvez, who introduced the legislation, is a freshman legislator backed by the Tea Party.

"Saying we now recognize gold as money is a big step forward," he said.

Twelve other states have offered similar proposals: Georgia, Montana, Missouri, Colorado, Indiana, Iowa, New Hampshire, South Carolina, Tennessee, Washington, Vermont and Oklahoma.



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