

Money is a function of
the law

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Coins are money
because the law says so

(The coinage act of 1792 got the ball rolling)

The Act.....

- established a mint
- established a staff
- established standards for coins
- required free coinage of gold and silver
- outlawed preferential treatment (free coinage)
- stressed the need for quality control/uniformity

Subsequent acts..

- The Coinage act of 1834, 1837, 1849, 1853, 1857, 1873, subsidiary act 1878, 1900, 1965, 1978, 1997

My proposal

- Create another coinage act
- Authorize a \$10,000 coin
- Attach special accounting rules to the coin

The \$10,000 coin...

- provides seigniorage for the U.S.A.
- seigniorage - profit made by a government by issuing currency, especially the difference between the face value of coins and their production costs.

More about seigniorage

- coins might be made for as little as \$300
- seigniorage in the amount of \$9,700 would be the result of a \$10,000 coin being struck
- The coin could be made from any suitable material and need not be made of a precious metal

Special accounting rules

- The coins would be the same as cash for all non-bank businesses
- Banks would not be able to use the coins as reserves for fractional lending schemes
- Banks could list the coins on their balance sheet as a separate line item (similar to land and buildings)

Coins with a unique identifier

- The \$10,000 coin needs safeguards against counterfeiting
- A computer chip might be embedded in the coin as a safeguard
- A number such as those put on automobiles might also be useful
- Individual coins might be registered so as to prevent theft (similar to automobile)
- Coins might be transferred thru some process (automobiles)

Coins could be spent into circulation

- The coins could be used to pay for things already being purchased by the federal government
- The coins could be awarded to the states in the form of block grants

Ten billion dollars

- 1,000,000 coins = \$10 billion
- Seigniorage = \$9.7 billion
- This yields \$194 million per state
- Or \$22.2 million per congressional district
- These are small amounts (trial size)

My proposal...

- insures seigniorage for our government
- gives our congress an additional option for funding government or government programs
- does not increase the national debt
- does not carry an interest payment
- does not rely on banks to provide credit