

SENATE JOINT RESOLUTION 98

By Ketron

A RESOLUTION to create a special joint committee to study whether the State of Tennessee should adopt a currency to serve as an alternative to the currency distributed by the Federal Reserve System in the event of a major breakdown of the Federal Reserve System.

WHEREAS, the Supreme Court of the United States has ruled in *In re Rahrer*, 140 U.S. 545, 554 (1891), that “the police power” of a State “is a power originally and always belonging to the States, not surrendered by them to the general government, nor directly restrained by the Constitution of the United States, and essentially exclusive”; and

WHEREAS, the Supreme Court of the United States has ruled in *Beer Company v. Massachusetts*, 97 U.S. 25, 33 (1877), that the police power of the States “extend[s] to the protection of the lives, health, and property of the[ir] citizens, and to the preservation of good order”; and

WHEREAS, the protection of the lives, health, and property of Tennessee’s citizens, and the preservation of good order in the State, depend upon the maintenance of both an adequate system of governmental finance and a sound and robust private economy; and

WHEREAS, an adequate system of governmental finance and a sound and robust private economy cannot be maintained in the absence of a sound currency; and

WHEREAS, the present monetary and banking systems of the United States, centered around the Federal Reserve System, have come under ever-increasing strain during the last several years, and will be exposed to ever-increasing and predictably debilitating strain in the years to come; and

WHEREAS, many widely recognized experts predict the inevitable destruction of the Federal Reserve System’s currency through hyperinflation in the foreseeable future; and

WHEREAS, in the event of hyperinflation, depression, or other economic calamity related to the breakdown of the Federal Reserve System, for which the State is not prepared, Tennessee's governmental finances and private economy will be thrown into chaos, with gravely detrimental effects upon the lives, health, and property of Tennessee's citizens, and with consequences fatal to the preservation of good order throughout the State; and

WHEREAS, Tennessee can avoid or at least mitigate many of the economic, social, and political shocks to be expected to arise from hyperinflation, depression, or other economic calamity related to the breakdown of the Federal Reserve System only through the timely adoption of an alternative sound currency that the State's government and citizens may employ without delay in the event of the destruction of the Federal Reserve System's currency; and

WHEREAS, "legal tender" denotes a currency that must be accepted in payment of a debt denominated in United States "dollars" if the parties have not stipulated that some alternative currency is to be used as their medium of payment or are not otherwise required to use such alternative currency; and

WHEREAS, the Federal Reserve System's currency has been designated "legal tender" under color of Title 31, United States Code, Section 5103; and

WHEREAS, under Title 12, United States Code, § 411 and Title 31, United States Code, § 5118(b) and (c), the Federal Reserve System's currency is not redeemable in gold or silver coin or the equivalent in bullion; and

WHEREAS, that the Federal Reserve System's currency is not redeemable in gold or silver coin or the equivalent in bullion is being identified by more and more experts as a, if not the, major reason for the ever-increasing instability of the Federal Reserve System; and

WHEREAS, all gold and silver coins of the United States are designated "legal tender" under the aegis of Title 31, United States Code, §§ 5103 and 5112(h), and must be so designated perforce of Article I, Section 8, Clause 5 and Article I, Section 10, Clause 1 of the Constitution of the United States; and

WHEREAS, pursuant to Article I, Section 10, Clause 1 of and the Tenth Amendment to the Constitution of the United States, each State must make gold and silver coin a Tender in Payment of Debts; and

WHEREAS, the Supreme Court of the United States in *Lane County v. Oregon*, 74 U.S. (7 Wallace) 71, **76-78** (1869), and *Hagar v. Reclamation District No. 108*, 111 U.S. 701, 706 (1884), has ruled that the States may adopt whatever currency they desire for the purposes of performing their sovereign governmental functions, even to the extent of adopting gold and silver coin for those purposes while refusing to employ a currency not redeemable in gold or silver coin that Congress has designated “legal tender”; and

WHEREAS, “the police power” being the primary sovereign governmental function of every State, under *Lane County* and *Hagar* every State may adopt its own currency, consisting of gold or silver, or both, whenever necessary and proper to facilitate exercises of that power in aid of the general welfare of the State and its citizens; and

WHEREAS, under the aegis of Title 31, United States Code, § 5118(d)(2), and perforce of Article I, Section 8, Clause 5 and Article I, Section 10, Clause 1 of, and the Ninth and Tenth Amendments to, the Constitution of the United States, Americans may employ whatever currency they choose to stipulate as the medium for payment of their private debts, including gold or silver, or both, to the exclusion of a currency not redeemable in gold or silver that Congress may have designated “legal tender”; and

WHEREAS, under the aegis of Title 31, United States Code, § 5118(d)(2), and perforce of Article I, Section 8, Clause 5 and Article I, Section 10, Clause 1 of, and the Ninth and Tenth Amendments to, the Constitution of the United States, the citizens of Tennessee may choose to employ as the medium for payment of their private debts whatever alternative currency, consisting of gold or silver, or both, that the State may adopt in the exercise of “the police power”; and

WHEREAS, in light of the possible instability of the Federal Reserve System, proposals for states and their citizens to adopt an alternative currency consisting of gold or silver, or both, are receiving increasing attention throughout the United States, as evidenced by bills that have

been or are being introduced in the legislatures of the States of Georgia, Indiana, Montana, New Hampshire, Virginia, and South Carolina; and

WHEREAS, various systems of alternative currency employing gold or silver, or both, in the form of coin or its equivalent in bullion have already proved themselves in the free market, and could either be employed by the State directly or be used as models for a new system created by the State to meet Tennessee's unique needs; and

WHEREAS, the adoption of an alternative currency consisting of gold or silver, or both, would not destabilize the present monetary and banking systems, the State's governmental finances, or Tennessee's private economy, because it would not compel or commit the State or her citizens to employ such alternative currency to the exclusion of the Federal Reserve System's currency immediately, but would merely make the alternative currency available, and enable it to be used in competition with and preference to the Federal Reserve System's currency, to the degree that the need for such use became apparent; and

WHEREAS, the United States Congress, the U.S. Department of the Treasury, and the Federal Reserve System have taken and are preparing to take no action to provide the United States with an alternative to the Federal Reserve System's currency, in the likely event that the latter would be destroyed through hyperinflation; now, therefore,

BE IT RESOLVED BY THE SENATE OF THE ONE HUNDRED SEVENTH GENERAL ASSEMBLY OF THE STATE OF TENNESSEE, THE HOUSE OF REPRESENTATIVES CONCURRING, that there is hereby created a special joint committee to study whether the State of Tennessee should adopt a currency to serve as an alternative to the currency distributed by the Federal Reserve System in the event of a major breakdown of the Federal Reserve System.

BE IT FURTHER RESOLVED, that in conducting its study, the special joint committee shall formulate recommendations for legislation, with respect to the need, means, and schedule for establishing such an alternative currency.

BE IT FURTHER RESOLVED, that the committee shall consist of three (3) members of the House of Representatives and three (3) members of the Senate, to be appointed by the respective speakers.

BE IT FURTHER RESOLVED, that all appropriate state agencies shall provide assistance to the special joint committee upon request of the chair.

BE IT FURTHER RESOLVED, that all legislative members of the special joint committee who are duly elected members of the General Assembly shall remain members of such committee until the committee reports its findings and recommendations to the General Assembly.

BE IT FURTHER RESOLVED, that the special joint committee shall be convened by the member with the most years of continuous service in the General Assembly, and at its first meeting shall elect a chair, vice-chair, and such other officers the committee deems necessary.

BE IT FURTHER RESOLVED, that the special joint committee shall timely report its findings and recommendations, including any proposed legislation, to the One Hundred Seventh General Assembly no later than February 1, 2012, at which time the committee shall cease to exist.