**South Carolina General Assembly**

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**S. 500**

**STATUS INFORMATION**

Joint Resolution

Sponsors: Senator Bright

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Introduced in the Senate on February 3, 2011

Currently residing in the Senate Committee on **Finance**

Summary: Currency

**HISTORY OF LEGISLATIVE ACTIONS**

Date Body Action Description with journal page number

2/3/2011 Senate Introduced and read first time ([Senate Journal‑page 7](file:///h:\sj%20archive\2011\02-03-11.docx))

2/3/2011 Senate Referred to Committee on **Finance** ([Senate Journal‑page 7](file:///h:\sj%20archive\2011\02-03-11.docx))

**VERSIONS OF THIS BILL**

[2/3/2011](file:///p:\pprever\2011-12\500_20110203.docx)

**A** **JOINT RESOLUTION**

TO PROVIDE FOR A JOINT SUBCOMMITTEE TO STUDY WHETHER SOUTH CAROLINA 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 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 that the police powers of the states extend to the protection of the lives, health, and property of the citizens, and to the preservation of good order; and

Whereas, the protection of the lives, health, and property of South Carolina’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 that 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, the state’s governmental finances and private economy will be thrown into chaos, with gravely detrimental effects upon the lives, health, and property of South Carolina’s citizens, and with consequences fatal to the preservation of good order throughout the State; and

Whereas, South Carolina 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” means 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 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, the Federal Reserve System’s currency not being redeemable in gold or silver coin or the equivalent in bullion is being identified by more and more experts as a 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 Title 31, United States Code, §§ 5103 and 5112(h), and must be designated by 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 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, 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 Title 31, United States Code, § 5118(d)(2), and 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 Title 31, United States Code, § 5118(d)(2), and 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 South Carolina 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, 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 South Carolina’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 or the state’s governmental finances 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 enacted by the General Assembly of the State of South Carolina:

SECTION 1. (A) A joint subcommittee is hereby created to study whether this State 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.

(B) The joint subcommittee shall consist of eight members appointed as follows: four members appointed by the Speaker of the House of Representatives and four members appointed by the President Pro Tempore of the Senate. The joint subcommittee shall elect a chairman and vice‑chairman from among its membership.

(C) In conducting its study the joint subcommittee shall consider recommendations for legislation, with respect to the need, means, and schedule for establishing such an alternative currency. Administrative staff support shall be provided by the Board of Economic Advisors.

(D) No recommendation of the joint subcommittee shall be adopted if a majority of the House members or a majority of the Senate members appointed to the joint subcommittee vote against the recommendation and vote for the recommendation to fail notwithstanding the majority vote of the joint subcommittee. The joint subcommittee shall submit its report to the General Assembly by November 1, 2011.

SECTION 2. This joint resolution takes effect upon approval by the Governor.

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