

Counterfeit Problem

by

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caveat lector

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Difficult problems can sometimes have simple solutions. Sometimes, all that's needed is to set aside a few wrong assumptions and then do some original thinking.¹

The so-called problem of counterfeit currency is a good example. The people in government don't have a clue what to do about it. Their best ideas are to make the currency as complex as possible, to make the regulations as onerous as possible, and to make the penalties for violations as draconian as possible. Beyond that, they don't have the foggiest notion what to do about the so-called problem of counterfeit currency.²

Finding a solution to the so-called problem of counterfeit currency was easy. First, I set aside the assumption that a "real" Federal Reserve Note is better than a counterfeit Federal Reserve Note. In fact, a "real" one doesn't have any more actual value than a counterfeit one. That set me upon the path of original thought regarding the so-called problem of counterfeit currency. Here's how to solve the so-called problem.

- First, the Federal Reserve System should discontinue all Federal Reserve Notes other than one dollar bills. That is, there shouldn't be any more fives, tens, and so forth.
- After that, the Federal Reserve System should publish and sell the complete and exact specifications for one dollar bills. Then, anybody and everybody would know exactly what it takes to make a one dollar bill. The sale of the specifications would partially fund the small portion of the Federal Reserve System's operation that would still be necessary.
- One remaining function of the Federal Reserve System would be to print Certified Standard one dollar bills. They should put Certified Standard Bills in every bank in the country. The Certified Standard Bills should be under the supervision of bank managers and should be available for anybody and everybody to inspect. That way, any counterfeiter who wanted to know if his product was good enough to pass could compare it to the standard — for a fee.
- The U.S. government should completely decriminalize the counterfeiting of one dollar bills.

This is a problem solution that has several advantages and few, if any, disadvantages. The first advantage is that counterfeiters would print all of the bills that we need, at their own expense. Thus, taxpayers wouldn't have to bear any overt or hidden costs of printing bills. Neither the U.S. government nor the Federal Reserve System would have to print currency any more. Count that as a reduction in the size and cost of government. Not only that, the businesses that previously sold printing sup-

1 Come to think of it, that's a good reason to keep government out of the business of solving problems.

2 On the other hand, maybe it's all a part of their nefarious plan to keep us well under control.

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plies to the Federal Reserve System would still be able to do business. They'd sell the same stuff to the counterfeiters, instead. None of those employees would have to lose their jobs.

A whole new marketing niche would develop. Companies could sell dollar bill checkers, similar to the ones in vending machines. A person could buy a checker for a few dollars and wear it on his belt. When somebody offered dollar bills in payment for something, the person could run the bills through his checker and reject any that weren't of acceptable quality. Counterfeiters who did sloppy work wouldn't be able to pass their bills, and would go out of business.

There's also a significant economic benefit. There wouldn't be any more problems about the value of the dollar. Counterfeiters would not print a dollar bill if it cost them more than a dollar to do so. Thus, the amount of currency in circulation would be automatically self-regulating. If they printed too many bills, then the number of bills would become excessive and the value of each bill would drop below one dollar. After that, they'd stop printing bills and the number of bills would decrease. That would cause the value of a one dollar bill to rise above one dollar, again making it profitable to print more bills. We'd always have approximately the correct number of bills.

One of the few disadvantages of my problem solution would accrue to the nitwits (or thugs, take your choice) in government who were previously involved in printing bills and opposing counterfeiting. Most of them would be out of a job, with the exception of those few who would run the Certified Standard Bill program. I don't actually count that as a disadvantage but I suppose that they would.

The only other disadvantage that comes to mind is that you might have to carry a big box of bills around with you. In the final analysis, that might also be an advantage since it would give you an incentive to use gold instead of all that paper. Even if it didn't, the exercise wouldn't hurt you and it would make things more difficult for pick-pockets and cutpurses. So, this might actually be a problem solution that doesn't have any disadvantages at all. It might be a totally unmixed blessing.

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