

## Re: Seigniorage, Who, What, Why

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**From:** Bill Ryan ([william\\_b\\_ryan\\_at\\_hotmail.com](mailto:william_b_ryan_at_hotmail.com))

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>False premise. The "State" accepts checks drawn on  
>commercial banks in payment of taxes.

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Wrong. The State requires banks to deliver Fed liabilities in payment. If the payer's account does not have sufficient funds (Fed liabilities), his check will bounce.

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But Hummel said the "State" is the Federal Reserve—U. S. Government combination. Taxes are however paid to the U. S. Government, not the Fed. Any debtor may require that the debt he is owed be paid in legal tender. The U. S. Government is no exception. The Internal Revenue Service generally prefers that taxes be paid by check or their electronic equivalent—not legal tender. It will accept payment in other forms by mutual agreement—as will typically any debtor.

If Mr. Hummel believes otherwise, perhaps he will direct our attention to the relevant clause in the tax code.

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>Hummel: Their wide acceptance as a medium of  
>exchange is based on the power of the State to  
>enforce tax collection.

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>Nope.

Wrong again. If the State failed to enforce tax collection in the States own fiat money, there would be nothing to ensure the wide acceptance of fiat money as a medium of exchange.

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If the "State" printed and spent debt notes into circulation, as the U. S. Government attempted to do during the Civil War, it could in principle enhance the general acceptability of its notes in trade by accepting them in return in payment of taxes on par

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with say, gold.

The U. S. Government does not now print and spend notes into circulation.

The current Federal Reserve Notes are tokens for Federal Reserve Bank credit that have value because they are accepted in payment for groceries, automobiles, etc. including taxes.

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>Nope. Before 1947, nothing was rebated. Since >1947,

>not "all" but ninety percent (90%) of its self->calculated "profit" is "rebated."

Who cares what happened in 1947? And who cares whether "all" means not quite all? The point is that the Treasury and not the Fed is the beneficiary of the Federal Reserve notes in circulation.

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The beneficiaries of the Federal Reserve Notes are the people who use them in trade.

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Ryan believes that the Fed should not engage in open market operations as required to hold the Fed funds rate close to the target. I suppose he is entitl