NEW BOO
A 'solution' to t
Federal Reserve 'proble

THE MOST SECRET SCIENCE

The most secret knowledge, a science which outdates history, is the science of control over people, governments and civilizations. The foundation of this ultimate discipline is the control of wealth.

Archibald E. Roberts, Lt. Col., AUS, ret.

TABLE OF CONTENTS

THE HEGELIAN PRINCIPLE

Revolutionaries in government have created economic chaos, shortages in food and fuel, confiscatory taxation, a crisis in education, the threat of war, and other diversions to condition Americans for "The New World Order."

The technique is as old as politics itself. It is the Hegelian principle of bringing about change in a three-step process: Thesis, Antithesis and Synthesis.

The first step (thesis) is to create a problem. The second step (antithesis) is to generate opposition to the problem (fear, panic, hysteria). The third step (synthesis) is to offer the solution to the problem created in step one - change which would have been impossible to impose on the people without the proper psychological conditioning achieved in stages one and two.

Applying the Hegelian principle, and irresistable financial influence, concealed mattoids seek to dismantle social and political structures by which free men govern themselves - ancient landmarks erected at great cost in blood and treasure.

Their objective is to emasculate sovereign states, merge nations under universal government, centralize economic powers, and control the world's people and resources.

"If the American people ever allow private banks to control the issue of their currency, first by inflation and then by deflation, the banks and the corporations that will grow up around them, will deprive the people of all property until their children wake up homeless on the continent their fathers conquered."

THOMAS JEFFERSON

SPECTATORSHIP VS PARTICIPATION

The political reality of today is the fact that after fifty years of "fighting communism" the great array of anticommunists have failed to deter the rising tide of revolution. Patriotic organizations still have no real strategy for effective action because of the failure to recognize the obvious; The real enemy of the people lurks in New York and Washington, D.C.

Conservative leaders must come to realize that a mattoid "elite" has seized control of policy-making and conflict management in the United States. International financiers and industrialists, in secret alliance with revolutionary forces, are merging American and Soviet societies under a master plan of infiltration, subversion and rebellion.

General reaction of the muzzled majority to increasing exploitation and oppression has been a defense of the status quo. Yet, it must be clear that a political system perpetually on the defensive is doomed to ultimate defeat. Somewhere, somehow, we must counterattack!

The problem might be considered as basically one of inducing movement and action. Relatively few people in America are pro-communist, or even socialists. Still, revolutionaries in government retain an iron grip on American domestic and foreign policy, manipulating economic, social and political disciplines to expand their dream of world empire at the expense of the Republic.

Meanwhile, the vast majority of the people, both captives and targets, remain relatively passive.

This passivity is not accidental. World government conflict managers have long realized the significance of the vast gulf between spectators and participants. Their whole strategy is geared to maximize the victim's spectatorship and minimize his participation in the struggle.

That principle was shown in South Vietnam. It is estimated that out of every hundred people in rural areas, twenty were actively aiding the Communist Viet Cong, forty were passively anti-communist, and forty were neutral. That active twenty was enough to turn the country into a major battlefield leading to ultimate defeat of American forces - aided and abetted, of course, by concealed conflict managers in New York and Washington.

Conservative attempts to influence the spectator-participant ratio have been mainly confined to vague educational programs, insipid protest, and generalized talk - none of which has been able to inspire much favorable movement. Indeed, many conservative organizations obviously regard the national crisis as a popularity contest, not a war for survival.

In contrast, fear has been the mattoid's chief weapon; economic, political and social coercion, for maximizing passivity and spectatorship. Effective though it is, oppression is a two-edged weapon. Its application generates potential reaction. These suppressed reactions can explode with sudden violence. Channeling anger and frustration into constructive action is the task of knowledgeable Americans everywhere. The individual can do nothing to protect himself and his family until he is armed with knowledge and a plan of action.

Defeat of the mattoids now leading America into the twilight zone of national disaster demands intelligent acceptance of the facts behind the crisis. And, it requires a courageous marshalling of resources, and the commitment of motivated citizens who will take whatever action is necessary to reverse the mindless march toward dictatorship.

We have clearly lost control of our government. The solution to economic chaos, social rebellion, and political revolution is planned action at the county level of government to force the respective state legislatures to protect the lives and property of the people.

Political theorizing and personal knowledge of the conspiracy must be translated into practical plans and implemented at a level of government which the individual can effectively influence. American citizens, if they are to escape the socialist society planned for them, must bring their authority to bear at the point of jurisdictional decision: County and State government.

No amount of agonizing or protest to a distant congressman will change the design of the mattoids who seek to overthrow the Constitution and reduce Americans to the status of economic serfs on the land which once was theirs. Only the individual can demand that his County official act to defend and preserve Life, Liberty and Property. He must do this by a positive act, by challenging "the secret government of monetary power" at its weakest point - the County.

Although all sovereignty originates from the State, the states delegated a few of their powers to their common agents in Washington. However, the vast governmental powers that touch our lives every day are placed in the hands of County Governments, that are closest to the people.

One historian who has commented on the point is R.J. Rushdoony, whose book, The Nature of the American System, first published in 1965, has an analysis of the County in early American history. Important as the States are, they are not the basic unit of the

American system. The basic unit is clearly and without question the COUNTY, said Rushdoony.

> Significantly, one of the first steps toward independence was taken by Mecklenburg County, North Carolina, May 31, 1775, in order to prevent a legal vacuum.....
>
> First, the PROPERTY TAX remained in the hands of the county, which early established its jurisdiction. The people of an area thus controlled their tax assessor and their county supervisors, so that the taxing power was not beyond their jurisdiction. When the power to tax leaves the county, tyranny will then begin in the United States. Socialism or communism will be only a step away. The people of a county will be helpless as their property is taxed to the point of expropriation...
>
> Second, CRIMINAL LAW was and is county law in essence. That was an important safeguard against tyranny and against the political use of criminal law. Law enforcement officers, including judges, were and are officers of the county, in the main, or of its constituent units. As T. Robert Ingram has pointed out, not too many years ago executions were also held at the county seat. Police power and criminal law are thus matters of local jurisdiction in the American system.
>
> The third, CIVIL LAW, is also county law to a great degree, enforced by local courts and by locally elected officials. The American citizen is thus for the most part under county government. His basic instruments of civil government are local, residing in the county, and the county is his historic line of defense against the encroachments of state and federal governments. In early America, town and county elections were properly regarded as more important than state and federal elections, and property qualifications were strict on the local level. (End of quote.)

Necessary knowledge, and a plan of action enabling the individual to harness powers of County and State governments to financial and political survival, will be found in the following pages. The reader will be transformed from 'spectator' to 'participant' in the struggle for Life, Liberty and Property.

Archibald E. Roberts, LtCol, AUS, ret.
Fort Collins, Colorado 1984

POST SCRIPT:

On 19 December 1942 I was commissioned an Army second lieutenant to serve my country and to "defend and preserve the Constitution of the United States against all enemies, both foreign and domestic." I have never relinquished that oath.

This book includes material previously circulated in The Bulletin, monthly publication, Committee to Restore the Constitution, Inc.

LOCAL ORGANIZATION,
PERSONAL PARTICIPATION,
IS THE SOLUTION
TO ECONOMIC TYRANNY

DEFEND YOUR MONEY AND PROPERTY

COUNTY ORDINANCE TO REPEAL THE FEDERAL RESERVE ACT OF 23 DECEMBER 1913

Here are county action documents to help you inspire direct participation by local leaders in the campaign to repeal the Federal Reserve Act of 23 December 1913.

THE COUNTY is the building block of the American political system. The sheriff, county judge and county commissioner are local chieftains in the proper functioning of county government. These offices present the greatest challenge to the misuse of authority by a central government.

It is wasteful to wrestle with the convoluted problems of the world. More real progress will be made by concentrating on local issues affecting your money, your property and your family.

Only you can demand that your county official, whom you elected to represent you, discharge his obligation to you. He must do this by a positive act, by challenging the unconstitutional Federal Reserve System.

By such direct and positive action you and he can escape the 'New World Order' planned for you and your children.

Instruments consist of a Petition form and model County Ordinance.

Your mission, should you choose to accept it, is to mobilize local leaders and promote county government participation in the Federal Reserve project.

Your goal is adoption of the model County Ordinance by your County Commission.

A county ordinance is county law. The model County Ordinance to repeal the Fed lists legal 'findings.' State legislators, ultimate agents of your effort, need not 'prove the case' to justify compliance with 'decree' included in the County Ordinance.

Your county petition operation will focus public demand for protection on county officials, leading to adoption of the Ordinance and subsequent corrective action by State lawmakers.

To launch the county petition drive, insert appropriate information in Petition spaces indicated and reproduce (quick-print) one thousand copies of Petition and model County Ordinance. Send one of each to persons on your mailing list.

Include your letter of instruction on how addressees should circulate Petition/Ordinance to friends, family and business associates.

Mention need for tables to collect Petition signatures at shopping malls and other areas of pedestrian traffic. Use this memorandum as your guide.

Urge local leaders to seek participation by Constitution-oriented groups: tax protest, private property, honest money, second amendment, Christian fundamentalist, and regional governance / world government / United Nations opponents.

Special interest occupations: eg; real estate, construction, farm & ranch, can be encouraged to translate anger and frustration into a practical solution to the central issue: Money, and those who control it.

Cultivate endorsement for repeal of the Federal Reserve Act by local business and industry, patriotic & civic organizations, and political figures.

Make a photo-copy of signed petitions as they are returned to you. Mail Petition / Ordinance, with your instruction letter, to each person listed on returned Petitions.

Remember, Petitions are prospective lists of members for your CRC county chapter.

Concurrently, meet with your county commission to apprize them of your program. Provide background briefings and documentation to prepare for public hearing and adoption of the Ordinance by the County Commission. Assistance and informational material is available from Committee to Restore the Constitution, Inc.

Advise media on the progress of your drive, and notify radio, television and newspaper editors date of public hearing.

Submit original signed Petition and model County Ordinance to your County Commission at scheduled public hearing.

PETITION TO THE _____ COUNTY COMMISSION,
STATE OF _____

WHEREAS: The citizens of_____ County, State of _____ , face immediate economic crisis and undue hardship brought about by unconstitutional control of the nation's money system by the Federal Reserve Board, the policy-making arm of the Federal Reserve System, a consortium of private bankers; and

WHEREAS: The Federal Reserve Act of 23 December 1913 was imposed upon the citizens of _____ County, State of_____, without their knowledge or consent and in violation of the prohibitions of the Constitution of the United States; and

WHEREAS: Elected officials of _____ County are bound by oath to defend and preserve the Constitution of the United States, and to preserve life and property of _____ County citizens,

THEREFORE: We, the undersigned residents of _____ ____ County, State of _____do hereby petition the_____ ___ County Commission, State of _____ , to adopt the attached ordinance condemning economic control over the citizens of _____ County, State of _____, by the Federal Reserve Board, the policy-making agency of the Federal Reserve System, and included decree that the _____ State Legislature shall instruct members of the_____State Congressional Delegation to jointly sponsor legislation to repeal the Federal Reserve Act.

SIGNED ADDRESS

(add as many lined sheets as desired)

MODEL COUNTY ORDINANCE ATTACHED
Upon completion return to _____ County Chapter, COMMITTEE TO RESTORE THE CONSTITUTION, Inc. (address & phone) _____

THIS MODEL COUNTY ORDINANCE .. .

condemns economic control over you and your property by the Federal Reserve Board, and decrees that your state legislature instruct members of Congress from your state to introduce statutes to repeal the Federal Reserve Act.

(1) Append model county ordinance to your county petition form as an exhibit.

(2) Submit model county ordinance to your county commission, accompanied by signed petitions, for implementation.

The people, from whom flow all political authority, are responsible for instructing their representatives to confine the functions of government to limitations defined in the articles of the Constitution.

State officials are required to take whatever action is necessary to enforce provisions of the Constitution within the borders of the state.

MODEL

ORDINANCE #_____ _ _ _ _

ORDINANCE OF THE _____COUNTY COMMISSION, State of _____, condemning economic control over the citizens of _____ County, State of _____, by the Federal Reserve Board, the policy-making agency of the Federal Reserve System, a consortium of private bankers, and decrees that the _____State legislature shall protect the money and property of_____ County citizens, as it is required to do under provisions of the State Constitution and Constitution of the United States, by instructing members of the _____ _____ State Congressional Delegation to jointly sponsor legislation to repeal the Federal Reserve Act, as they are authorized to do under Article 30 of the original Act.

THE COMMISSION FINDS that Article 1, section 8, Constitution of the United States, provides that only the Congress of the United States shall have the power ". . . to borrow Money on the credit of the United States."

THE COMMISSION FINDS that Article 1, section 8, Constitution of the United States, provides that only the Congress of the United States is permitted to ". . . coin Money, regulate the Value thereof, and of foreign coin."

THE COMMISSION FINDS that the Federal Reserve Act (Act of 23 December 1913; 38 Stat. 251; 12 United States Code section 221, et seq.) purported to transfer the power to borrow money on the credit of the United States, and the power to coin money and regulate the value thereof to a consortium of private bankers, i.e.; the Federal Reserve System, in violation of the prohibitions of Article 1, section 8, Constitution of the United States.

THE COMMISSION FINDS that Article 1, section 1, Constitution of the United States, provides that "all legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives."

THE COMMISSION FINDS that the Congress of the United States is without authority to delegate any powers which it has received from the people under the constitutional contract.

THE COMMISSION FINDS that the Federal Reserve Act of 23 December 1913 was imposed upon the citizens of ___ , ____ .__ County, State of _____ in violation of Article 1, section 1, Constitution of the United States.

THE COMMISSION FINDS that the Federal Reserve System, which is not subject to any official periodic review or oversight by Congress, has unconstitutionally controlled the economy of the United States and financial fortunes of _____ County citizens, State of _____ , through the alleged powers of the Federal Reserve Act unconstitutionally granted by the Congress of the United States.

THE COMMISSION FINDS that the citizens of_____County, State of _____ . face economic crisis and undue hardship brought about by the unconstitutional, arbitrary and capricious control and management of the nation's money supply by the Federal Reserve Board, the policy-making agency of the Federal Reserve System, a consortium of private bankers.

THE COMMISSION CONDEMNS economic control over the citizens of _____ County by the Federal Reserve Board, and decrees that the_____ State legislature shall instruct members of the _____State Congressional Delegation to jointly sponsor legislation to repeal the Federal Reserve Act of 23 December 1913, as they are authorized to do under Article 30 of the original Act.

THE COMMISSION URGES the _____ State legislature to take whatever additional action may be necessary to protect the money and property of _____ County citizens, State of _____ , as it is required to do under provisions of the_____State Constitution and the Constitution of the United States.

THE COMMISSION DIRECTS that a copy of this ordinance, accompanied by supporting documents, be forwarded to the State Legislative Delegation, Majority Leaders of Senate and House, Governor, Lieutenant Governor, Secretary of State, Attorney General, and to the President, State Association of County Commissioners, State of _____, requesting enabling legislation.[a]

ORDINANCE #_____, introduced by_____ , seconded by _____ and unanimously approved, is duly declared passed and adopted this _____ day of _____ , 198___.

BY: _____ Chairman

APPROVED AS TO FORM AND LEGAL SUFFICIENCY:

_____ . Counsel

[a] Sample Enabling State Memorial (Resolution) attached, "A Concurrent Memorial (Resolution) Urging the President and the Congress of the United States to Repeal the Federal Reserve Act."

SAMPLE: ENABLING STATE LEGISLATION (HCM #2002 adopted 1 March 1982)

State of Arizona
House of Representatives
Thirty-fifth Legislature
Second Regular Session
1982

Rough Draft Folder #369-11/16/81 DG/dl

REFERENCE TITLE:
repeal of Federal Reserve Act; memorial

H.C.M._____

Introduced by Rep. D. Lee Jones

A CONCURRENT MEMORIAL

URGING THE PRESIDENT AND THE CONGRESS OF THE UNITED STATES TO REPEAL THE FEDERAL RESERVE ACT.

To the President and the Congress of the United States of America:

Your memorialist respectfully represents:

WHEREAS, Article I, section 8, Constitution of the United States provides that only the Congress of the United States shall have the power "to borrow Money on the credit of the United States;" and

WHEREAS, the Federal Reserve Act of December 23, 1913 (Act of December 23, 1913; 38 Stat. 251; 12 United States Code section 221 et seq.) transferred the power to borrow money on the credit of the United States to a consortium of private bankers in violation of the prohibitions of Article I, section 8, Constitituion of the United States; and

WHEREAS, Article I, section 8, Constitution of the United States directs that only the Congress of the United States is permitted "to coin Money, regulate the Value thereof, and of foreign coin, and fix the Standard of Weights and Measures;" and

WHEREAS, the Federal Reserve Act of 23 December 1913 transferred the power to coin money, regulate the value thereof, and of foreign coin, to a consortium of private bankers in violation of the prohibitions of Article I, section 8, Constitution of the United States; and

WHEREAS, Article I, section 1, Constitution of the United States, provides that "all legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives;"[1] and

WHEREAS, the Congress of the United States is without authority to delegate any powers which it has received under the Constitution of the United States established by the People of the United States; and

WHEREAS, the Federal Reserve Act of December 23, 1913 was imposed upon the People of the State of Arizona in violation of the provisions of Article I, section 1, Constitution of the United States; and

WHEREAS, members of the Federal Reserve System, a consortium of private bankers, have threatened the very integrity of our national government through their arbitrary and capricious control and management of the nation's money supply; and

WHEREAS, testimony entered into the Congressional Record on April 19, 1971 by one observer, Mr. Archibald E. Roberts, indicates that past and present members of the Federal Reserve Board may be guilty of criminal conduct and there is evidence to support his view; and

WHEREAS, the United States is facing, in the current decade, an economic debacle of massive proportions due in large measure to a continued erosion of our national currency and the resultant high interest rates caused by the policies of the Federal Reserve Board; and

WHEREAS, a consortium of private bankers which is not subject to any official periodic review or oversight by Congress has unconstitutionally controlled the economy of the United States through the Federal Reserve Act since 1913; and

WHEREAS, this nation faces an immediate economic crisis. It is extremely urgent that the Congress of the United States act before it is too late by repealing the Federal Reserve Act and restoring the economy of this nation to a sound basis through a withdrawal of all "fiat money" now in circulation — the so-called Federal Reserve Notes . . .

WHEREFORE, your memorialist, the House of Representatives of the State of Arizona, the Senate concurring, prays:

1. That the Congress of the United States immediately enact such legislation as is necessary to repeal the Federal Reserve Act . . .

2. That the President of the United States immediately sign the necessary enabling legislation once it reaches his desk.

3. That the Secretary of State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the House of Representatives of the United States and to each Member of the Arizona Congressional Delegation.

CORRECTIVE STATE LEGISLATION
IS THE SOLUTION
TO CONSTITUTIONAL CRISIS

LAW OF AGENCY ...

UNAUTHORIZED ACTS BY AN AGENT ARE NOT BINDING ON THE PRINCIPAL

"Law of Agency" is central to resolving the constitutional crisis.

The original thirteen Nations, recognized as such by the Treaty of Peace which concluded the Revolutionary War, created the Federal government.

Following the War for Independence, the thirteen nation-states organized themselves as the United States under a mutual compact, the Constitution of the United States.

Every succeeding State entered the Union of States, "... upon an equal footing with the original States in all respects whatsoever," (Chapter XXXVI, 13 United Statutes at Large, 1864).

The constitutional contract established, in the first three Articles, three branches of government: Legislative, Executive and Judicial. The People, through their State deputies, delegated to these three agencies certain limited powers, retaining unto themselves all powers not so delegated.

Each sovereign State, as a Principal under the constitutional compact, is supreme over its Federal agencies. The State is empowered to correct acts by its Federal agents which IT deems violate delegated powers enumerated in the Articles of the Constitution.

Each sovereign State has the authority and the responsibility to enforce provisions of the Constitution within its borders, and to provide criminal sanctions for violators.

The People, from whom flow all political powers, are responsible for instructing their State senators and representatives to challenge unconstitutional acts by Federal agents, as they are required to do by oath of office.

Each citizen is charged with the mission of defending and preserving freedoms of person and property guaranteed to the People by the Constitution of the United States.

"The refusal of King George to operate an honest colonial money system which freed the ordinary man from the clutches of the manipulators was probably the prime cause of the Revolution."

BENJAMIN FRANKLIN

THE CONSTITUTION SECURES POWER TO THE PEOPLE

Hon. John R. Rarick, in the House of Representatives, 19 April 1971

Mr. RARICK. Mr. Speaker, "power to the people" is a slogan used not only by radical socialists in their plans to communize America but also by President Nixon in his New American Revolution.

In his State of the Union Address on January 22, 1971, the President stated:

> So let us put the money where the needs are. And let us put the power to spend it where the people are.
>
> The further away government is from people, the stronger government becomes and the weaker people become. And a nation with a strong government and a weak people is an empty shell.
>
> 1 reject the idea that government in Washington, D.C. is inevitably more wise, more honest, and more efficient than government at the local or State level. . .
>
> The idea that a bureaucratic elite in Washington knows best what is best for people everywhere and that you cannot trust local government is really a contention that you cannot trust people to govern themselves. This notion is completely foreign to the American experience. Local government is the government closest to the people and it is most responsive to the individual person; it is people's government in a far more intimate way than the government in Washington can ever be.
>
> People came to America because they wanted to determine their own future rather than to live in a country where others determined their future for them.

> What this change means is that once again in America we are placing our trust in people.
>
> 1 have faith in people. I trust the judgment of people. Let us give the people of America a chance, a bigger voice in deciding for themselves those questions that so greatly affect their lives.

Whereas the rhetoric of the President is desirable and encouraging, the words unfortunately are made suspect by actions. By consistently asking for more and more tax funds for more and more Federal programs which add to the Federal payroll an increasing number of bureaucrats who increasingly control more and more facets of the daily lives of citizens; by grouping the States into regions with unelected Federal overseers, thereby removing power farther from the people; and by promoting such programs as the Atlantic Union which if effected would remove power still more distant from the people, the Chief Executive is, in effect, fostering power over the people rather than "power to the people."

"Power to the people" is a traditionally American concept which is what the Constitution of the United States is all about. When the necessary number of the Original Thirteen Colonies ratified the U.S. Constitution, they established a government in which political power was decentralized. By the constitutional contract they surrendered to the Federal Government only specified powers. Powers not delegated to the Federal Government were reserved to the States and to the people. And rather than to permit such a logical conclusion from being misunderstood, the 10th amendment so specified the intent.

Under this concept of government, power was concentrated at the bottom — at the lowest denominator of government — the level closest to the people and most responsive to the desires and wishes of the individual person.

Locally controlled governments and systems of education, a basically religious people who in large measure recognized the Holy Bible as a guide to conduct, and a free enterprise economic system with a minimum of government interference produced the most prosperous and powerful Nation on earth. America abounded in Peace, opportunity, and true progress so long as America adhered to the Holy Bible and the Constitution.

The second decade of the present century saw the beginning of a trend in the direction of removing power from the hands of people at the State and local level and concentrating more and more power over the lives of people in the hands of unelected bureaucrats at the regional and Federal levels, in fact, even the surrendering of national powers and prerogatives to international bodies.

This trend was given impetus in 1913, with the enactment of the Federal Reserve Act, which took away people's control over their money; the 16th amendment to the Constitution calling for the graduated Federal income tax — a plank of the Marxist platform — and in 1919, with the establishment of the Council on Foreign Relations which has been instrumental in promoting world government.

The ratification of the U.N. Charter, a plan for world government, by the U.S. Senate in 1945, transferred "people power" still farther away from the people at the local level. The present emphasis being given to regional government and to an Atlantic Union, both of

which have the President's approval, further erodes the Constitution and are obstacles to circumvent "people power."

Thanks to the seeds of knowledge planted during the past 2 or 3 decades by various constitutional groups and individuals, more and more Americans are becoming informed as to who the anti-Americans are and what they are doing to emasculate our Constitution and to destroy our country by trapping us into regional and world government. Action at the local and State levels by informed groups and individuals to salvage and restore the Constitution and, as a consequence, "people power" is a most encouraging sign.

One such organization is the Committee to Restore the Constitution which recently presented its case to a Special Joint Committee, Wisconsin State Legislature.

1 insert to follow my remarks the testimony entitled The Most Secret Science before a special joint committee of the Wisconsin State Legislature by Lt. Col. Archibald E. Roberts, A.U.S. — retired, Director of the Committee to Restore the Constitution, Inc.

ONE

"/ believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the government at defiance. The issuing power should be taken from the banks and restored to the government to whom it properly belongs."

THOMAS JEFFERSON

THE MOST SECRET SCIENCE

In consonance with the provisions of 1971 Assembly Joint Resolution No. 34, Wisconsin State Legislature, "Establishing a special committee to study the constitutionality of the federal government's relations with the United Nations," I respectfully invite the members of this Special Legislative Committee to hear my testimony on proofs of a conspiracy to overthrow the Constitution of the United States and erect a socialist state governance over the American people.

Intelligence which I have previously submitted to every member of the Wisconsin State Legislature ("United Nations-Creature of the Invisible Government of Monetary Power," Congressional Record, December 14, 1971) provided evidence to indict an ambitious and morally degenerate group of financiers and industrialists who seek to erect an international, non-elected authority upon the ruins of the American civilization. This documented study explained how, via interlocking subversion, the Council on Foreign Relations (Harold Pratt House, 58 East 68th Street, New York City) captured principal agencies of the Federal Government and created the United Nations Organization as their private instrumentality for global conquest.

In documents subsequently submitted to Wisconsin Legislators, I illustrated the charge that so-called "Revenue Sharing" and "Regional Government" is the final technique for stripping away State sovereignty and eliminating elective office at State and national levels.

During the next few minutes I will show how this same group of international bankers and industrialists, by guile and deceit, gained control over the money and credit resources of the United States and thus captured the power centers of the American civilization.

First, however, 1 offer my credentials.

My ancestors, like yours, were mostly farmers, preachers, soldiers and laborers.

They arrived on the North American continent long before there was a United States of America and challenged the wilderness with a confidence borne of an abiding faith in God. My people fought in the Revolutionary War and have served this country in every succeeding conflict to the present day.

Our forebears, yours and mine, raised up mighty cities and established a civilization of free men—the envy of all others. The blood and sweat of our clans fertilized the soil of America. Their

achievements constitute our heritage; their culture a legacy for our children and our children's children.

Or so it seemed a few short years ago.

It is now evident that a subtle and perilous change has occurred in our America. Within the past two or three generations the civilization of our forefathers has come under sophisticated assault. The structures of freedom erected at such great cost in blood, sweat and treasure, are crumbling. Our God is blasphemed, our lineage reviled, and our Constitution dismantled.

Our destiny has turned to dust,

The descendants of the pioneers, the warriors, and the engineers of this unique order are now economic serfs in an industrialized society ruled by a self anointed elite. We are manipulated by massive propaganda, betrayed in international military adventures and exploited by a rapacious, insatiable bureaucracy.

The founders of this nation, in the Declaration of Independence, established a course of action to which every responsible citizen must adhere when government becomes master instead of servant.

"Governments are instituted among Men, deriving their just powers from the consent of the governed. . . whenever any form of Government becomes destructive of (Life, Liberty, and the pursuit of Happiness) it is the right of the People to alter or abolish it. . ."

If we are to survive as a race and as a nation, the People must regain control over the centers of power in America.

Let us begin by reviewing the manner in which they were lost.

The most secret knowledge, a science which outdates history, is the science of control over people, governments and civilizations. The foundation of this ultimate discipline is the control of wealth.

Through the control of wealth comes the control of public information and the necessities of life.

Through the control of news media comes thought control.

Through the control of basic necessities comes direct physical control of people.

The rule is to finance the education of members of the money aristocracy in the professions, business, political science, management, research, public speaking, writing and education. By placing trusted members, well trained and financed, in positions of influence in their communities, and in positions of leadership in nearly all organizations, including the religious order and in opposing associations, it is possible to direct local, regional and national policy toward long-range objectives.

The fate reserved for less fortunate citizens, those not born of the money aristocracy, was succinctly stated by Mr. John D. Rockefeller, Sr. In a policy statement published by his General Education Board, forerunner to today's ill-famed Rockefeller Foundation, John Rockefeller heralded the plan to mold an American peasantry through control of educational process.

"In our dreams," said Rockefeller, "we have limitless resources and the people yield themselves with perfect docility to our molding hands. The present educational conventions fade from our minds," Rockefeller predicted, "and, unhampered by tradition, we work our own good will upon a grateful and responsive rural folk. . ." (Occasional Letter No 1, General Education Board, 1904).

A significant portion of the American public is yet to become aware of "The Invisible Government of Monetary Power" although this knowledge is common in Europe. Americans still believe that they are working toward a better way of life. Surreptitiously, however, social customs and forms of administration in the United States are being carefully and gradually modified. The change from one type of culture to another is thus accomplished without arousing serious public challenge.'

The stark truth is that America is now passing from a constitutional republic into a totalitarian, world wide government. World dominion is the ages-old dream of the mattoids who have mastered the science of control over people.

Their success in the United States is directly related to two central issues:

One—transfer of money control from the people into the hands of an international banking combine, and

Two—creation of a complex and confusing judicial system designed to frustrate justice.

The remainder of this presentation will be concerned with the first principle—money, and those who control it.

In 1913 the money aristocracy effected a major advance toward their long-range goal of world dominion. They duped the United States Congress into adopting the Federal Reserve Act. This coup resulted in the transfer of the power to coin and regulate U.S. money from the Congress to their private banking combine, the Federal Reserve System.

Since passage of the Federal Reserve Act, the American destiny and the personal life of every citizen has been controlled by a financial elite whose sick-brained policies have spawned depression, war and revolution

The existence of an "Invisible Government of Monetary Power" was dramatically confirmed in 1933 by the late Louis T. McFadden, Chairman, Banking and Currency Committee, United States Congress, who said:

> Every effort has been made by the Fed to conceal its powers but the truth is—the Fed has usurped the government. It controls everything here (in Congress) and it controls all our foreign relations. It makes and breaks governments at will.

Representative John R. Rarick, denouncing President Nixon's plan for deficit spending ("Deficit Financing," Congressional Record, February 1, 1971) also revealed the dominant position held by the Federal Reserve System over the American economy.

"He," (President Nixon) said Mr. Rarick, "has asked the independent Federal Reserve System to come up with enough new money to reach a projected increase in the GNP by $88 billion in order to achieve his 'objective of prosperity without inflation.' "

"The Federal Reserve," Congressman Rarick pointed out, "is not an agency of Government. It is a private banking monopoly."

"As I have said many times before," Rarick declared, "the policies of the monarch are always those of his creditors."

Gentlemen, the safety of the State and the peace and security of Wisconsin citizens now urgently require an investigation of the vast powers claimed by the Federal Reserve System.

The first consideration should be a public examination of the authority which the Federal Reserve System says established its legal status as a Government agency. Such authority is quoted in a statement submitted to Congressman Wright Patman, House Banking and Currency Committee, by the Board of Governors, Federal Reserve System and Federal Reserve Banks, dated April 14, 1952.

"The 12 Federal Reserve Banks," said the Federal Reserve Board, "are corporations set up by Federal law to operate for public purposes under Government supervision."

The Board further advised Mr. Patman that, "The Board of Governors was created by Congress and is a part of the Government of the United States. Its members," they said assuringly, "are appointed by the President, with the advice and consent of the Senate, and it (the Fed) has been held by the Attorney General to be a Government establishment (30 Op. Atty. Gen., 308, 1914)."

Retorting to these impressive claims to "legality" and "public service" Congressman Patman stated:

> "There is no free market that can cope with a national debt of $272 billion (1952), with $85 billion of it to be refunded within one year. Free market," he said, "means private manipulation of (private) credit."
>
> Private manipulation of PUBLIC credit is, of course, the purpose and objective of the Federal Reserve System. This international banking cartel, as will be shown, manages the credit of the United States for the profit and advantage of its foreign and domestic members. In so doing the Federal Reserve exploits the entire producing strata of the American society for the gain of a select, non-producing few.
>
> "The Federal Reserve Board, to my mind," continued Mr. Patman, "is guilty of the grossest kind of misconduct in failing to support the Government of the United States at a time of its greatest economic peril in Government securities."

Congressman Patman then revealed the contradiction in the spurious Federal Reserve claim of "Government agency" status and explained how the Fed generates illegitimate profits for its members.

"The Open Market Committee of the Federal Reserve System," he said, "is composed of the 7 members of the Board of Governors and 5 members who are presidents of the Federal Reserve banks and who are selected by private commercial banking interests. The Open Market Committee has the power to obtain, and does obtain, the printed money of the United States — Federal Reserve Notes — (free) from the Bureau of Engraving and Printing, and exchanges these printed notes, which of course are not interest bearing, for United States Government obligations that are interest bearing. After making the exchange," Patman explained, "the interest bearing obligations are retained by the 12 Federal Reserve banks and the interest collected annually on these Government obligations goes into the funds of the 12 Federal Reserve banks."

Exploding the myth that the Federal Reserve System is an instrumentality of the Federal Government Mr. Patman declared:

"These funds (interest from Government obligations) are expended by the (Federal Reserve) system without an adequate accounting to the Congress. In fact there has never been an independent audit of either the 12 banks or the Federal Reserve Board that has been filed with the Congress where a Member (of Congress) would have an opportunity to inspect it. The General Accounting Office," he stated, "does not have jurisdiction over the Federal Reserve. For 40 years (1952) the system, while freely using the money (credit) of the Government, has not made a proper accounting."

Governor W. P. G. Harding of the Federal Reserve Board, in testimony before Congress in 1921, admitted that the Fed is a private banking monopoly.

"The Federal Reserve Bank is an institution owned by the stockholding member banks," he said. "The Government has not a dollar's worth of stock in it."

The Government does, however, give the Federal Reserve System free use of its billions of dollars of credit. This gives the Federal Reserve the characteristic of a central bank; the power to issue currency on the Government's credit.

Americans do not have Federal Government notes or gold certificates as currency. We have Federal Reserve Bank notes, fiat money issued by private banks. Every dollar the Federal Reserve System prints is a dollar in their pocket.

The compatible meshing of the Federal Reserve System with a network of international banking was explained by Mr. W. Randolph Burgess of the New York Federal Reserve Bank in an address before the Academy of Political Science in 1930.

"In its major principles of operation the Federal Reserve System is no different," he told Congress, "from other banks of issue, such as the Bank of England, the Bank of France, or the Reichsbank."

It is obvious that when control of money is transferred from the People to private banking centers, as is the case in Europe and America, the sovereignty of the People is surrendered, too. Control of wealth confers upon those who control it the final decision in the domestic and international affairs of nations. When the financial aristocracy usurp the "coin of the realm," the People are disfranchised and real political authority passes into the hands of an "Invisible Government of Monetary Power."

Our founding fathers knew this principle very well.

"I believe that banking institutions are more dangerous to our liberties than standing armies," said Thomas Jefferson. "Already they have raised up a money aristocracy that has set the government at defiance. The issuing power (of money)," he said, "should be taken from the banks and restored to the people to whom it properly belongs."

Though but dimly perceived today the Declaration of Independence was actually a proclamation that the colonists would not serve a money aristocracy. The American Revolution was a struggle to wrest control of wealth from the Bank of England and to restore the centers of power to the People where it "properly belongs."

The Constitution is specific about the authority of the People, through their elected officials, to control the money, and thus, the affairs of their Government.

"The Congress shall have the power. . . To coin money (and) regulate the value thereof. . ." (Article 1, section 8, United States Constitution).

Nowhere does the Constitution authorize or permit the transfer of this vast power to a money aristocracy.

Exposure of the hidden forces which have cheated the people of Wisconsin of their birthright must be of gravest concern to members of this State Legislature, each of whom has sworn to "defend and preserve this Constitution." I propose that we begin the task of identifying the men behind the Federal Reserve conspiracy.

A clue to the origin of the Federal Reserve Act was given by Colonel Ely Garrison, friend and financial adviser to President Theodore Roosevelt and President Woodrow Wilson. In his autobiographical book, Roosevelt, Wilson and the Federal Reserve Act, Garrison wrote:

"Mr. Paul Warburg is the man who got the Federal Reserve Act together after the Aldrich Plan aroused such nation-wide resentment and opposition. The mastermind of both plans," declared Garrison, "was Alfred Rothschild of London."

In a preface written for a group of Warburg's essays calling for a central bank, Professor E. R. A. Seligman, of the international banking family, and head of the Department of Economics, Columbia University, said:

"The Federal Reserve Act is the work of Mr. Warburg more than any other man in the country."

Paul Moritz Warburg, whom President Wilson subsequently appointed first Chairman of the Federal Reserve Board of Governors, was an immigrant from Germany. His primary allegiance was to his family banking house of M. M. Warburg Company of Hamburg and Amsterdam.

During World War I the M. M. Warburg Company financed Germany's war against the Allied forces. Paul's brother, Max, headed the German Secret Service.

During the war years, Paul Warburg's firm of Kuhn, Loeb Company had five representatives in the United States Treasury Department in charge of Liberty Loans, thus financing America's war effort against the Kaiser.

It is unlikely that considerations of humanitarianism or patriotism inspired such interlocking, international financing of the agony of World War I.

Mr. Eustace Mullins in his book, The Federal Reserve Conspiracy, noted that, "Woodrow Wilson and (Senator) Carter Glass are given full credit for the (Federal Reserve) act by contemporary historians, but of all the politicians concerned, Wilson had the least to do with the fight over the Act in Congress."

Mr. George Creel, veteran Washington correspondent, wrote in Harper's Weekly of June 25, 1915:

> As far as the Democratic Party was concerned, Woodrow Wilson was without influence, save for the patronage he possessed. It was (William Jennings) Bryan who whipped Congress into line on. . . the currency bill. Mr. Bryan later wrote, That is the one thing in my public career that I regret — my work to secure the enactment of the Federal Reserve Law.'

Mullins summed up the effect of this fantastic law in the following words:

> The money and credit resources of the United States were now in the complete control of the banker's alliance between J. P. Morgan's First National Bank group, and Kuhn, Loeb's National City Bank, whose principal loyalties were to the international banking interests then quartered in London, and which moved to New York during the First World War.

Congressman Charles A. Lindbergh of Minnesota, father of the famous flyer, made a prophetic statement on the swindle which had been foisted on the American people. Speaking on the floor of the House on December 23, 1913, the day the Federal Reserve Act became law, Mr. Lindbergh said:

> This Act establishes the most gigantic trust on earth. When the President (Wilson) signs this bill the invisible government of the Monetary Power will be legalized. . . the worst legislative crime of the ages is perpetrated by this banking and currency bill.

The crimes alleged by Congressman Lindbergh were subsequently defined by the Honorable Louis T. McFadden.

In a statement of particulars, here offered in abridged form, Chairman McFadden, on May 23,

1933, brought impeachment charges against members of the Federal Reserve Board and the heads of the 12 member banks (Congressional Record, bound volume, pp. 40554058).

> Whereas I charge them jointly and severally with having brought about a repudiation of the national currency of the United States in order that the gold value of said currency might be given to private interests. . . .
>
> I charge them. . . with having arbitrarily and unlawfully taken over $80,000,000,000.00 (eighty billion dollars) from the United States Government in the year 1928...
>
> 1 charge them. . . with having arbitrarily and unlawfully raised and lowered the rates on money . . . increased and diminished the volume of currency in circulation for the benefit of private interests. . . .
>
> I charge them. . . with having brought about the decline in prices on the New York Stock Exchange. . . .
>
> I charge them. . . with having conspired to concentrate United States Government securities... and thus... having conspired to transfer to foreigners and international money lenders title to and control of the financial resources of the United States. . . .
>
> I charge them. . . with having published false and misleading propaganda intended to deceive the American people and to cause the United States to lose its independence....
>
> I charge them. . ., Congressman McFadden concluded, with the crime of having treasonably conspired and acted against the peace and security of the United States, and with having treasonably conspired to destroy the constitutional government of the United States.

Congressman McFadden's shocking indictment of the members of the Federal Reserve System, and those who maneuvered its adoption by the Congress, was moved to the Committee on the Judiciary. It still awaits reporting to the House floor and action to impeach both former and present members of the Board of Governors and Federal Reserve Banks for criminal conspiracy against the People of the United States.

The final decision as to whether or not an "Invisible Government of Monetary Power" will continue to control the American destiny and the lives and fortunes of her People must ultimately be made by the citizens of this nation.

To begin the task of exposing and neutralizing the men and the system which seeks to overthrow constitutional government and impose a world governance over our domestic and foreign affairs, I am empowered to present to the lawmakers of the State of Wisconsin the following resolution adopted by the Wisconsin Legislative and Research Committee, and subscribed to by constituents who support the Wisconsin campaign to restore the Constitution:

A resolution declaring that the people of this State should debate the question of whether or not any agency or instrumentality of government which derives its powers from the consent of the governed can voluntarily, by treaty or otherwise, alienate the political sovereignty of a free people.

The resolution calls for an investigation by the Wisconsin State Legislature of the actions of Federal agents who have purported to negotiate with foreign governments and with private interests to transfer vast powers of government, and to surrender rights and liberties assured to the People under the Constitution of the United States, to foreigners and to international money lenders in violation of the prohibitions of the Constitution.

The resolution further requests that the Wisconsin State Legislature promulgate and enact appropriate statutes which will provide for the enforcement of the Constitution of the United States within the boundaries of the State of Wisconsin, to include criminal sanctions for violators, with regard to the United Nations Charter, the Federal Reserve Act, and other ultra vires acts by agents of the Federal Government who have, by these ultra vires acts, attempted to amend the Constitution of the United States in a manner not sanctioned by Article V.

We respectfully demand, if it be God's will, that the elected representatives of the People of Wisconsin act at once to restore America's legacy of Freedom to the descendants of the pioneers, the warriors, and the engineers who gave their blood, sweat and treasure to establish and defend it.

Thank you for your courtesy and attention.

TWO

"If Congress has the right to issue paper money, it was given them to be used by themselves, and not to be delegated to individuals or corporations."

ANDREW JACKSON

OUTLAW THE FED

ARIZONA LEGISLATORS PETITION PRESIDENT AND CONGRESS

United States facing economic debacle of massive proportions due to arbitrary and capricious control of nation's money by private banking interests, say lawmakers.

Charging that the Federal Reserve Act of 1913 was imposed on the people of Arizona in violation of Article I, section 1, Constitution of the United States, the Arizona State Senate, on 1 March 1982, voted 18 to 11 for adoption of House Concurrent Memorial #2002, urging the President and Congress to restore control of the nation's economy to the People.

House of Representative members had, three weeks earlier, passed the historic petition by a 'booming' 51-0 vote.

Representative D. Lee Jones, principal sponsor and chief lobbyist for HCM #2002, noted that Article I, section 8, Constitution of the United States, provides that only the Congress is authorized to, ". . .borrow Money on the credit of the United States," and, ". . .to coin Money and regulate the Value thereof."

Federal legislative agencies are prohibited from transferring these vital powers to private banking interests, he said.

Adorned with the names of sixty-eight co-sponsors (49 Representatives and 19 Senators) House Concurrent Memorial #2002 declares that the Congress of the United States is, ". . .without authority to delegate any powers which it has received under the Constitution of the United States established by the People of the United States."

Being unconstitutional, the Federal Reserve Act of 1913 must be put down.

Arizona lawmakers further direct that the Secretary of State transmit copies of the memorial to the President of the United States Senate, the Speaker of the House of Representatives of the United States, and to each Member of the Arizona Congressional Delegation.

Lawmakers in other states, reports Rep. Jones, ". . .have contacted me with indications of their interest in the move to oust the International Bankers . . . from our national pocketbook."

Letter of transmittal from Mr. Jones and full text of Arizona HCM #2002, "Urging the President and Congress of the United States to Repeal the Federal Reserve Act," begin on the following page.

D. LEE JONES
1201 E. WINDSOR AVENUE
PHOENIX, ARIZONA 85006

COMMITTEES:
COMMERCE
EDUCATION
GOVERNMENT OPERATIONS
WAYS & MEANS

Arizona House of Representatives
Phoenix, Arizona 85007

March 2, 1982

Colonel A. E. Roberts
Committee to Restore the Constitution Inc.
P.O. Box 986
Fort Collins, Colorado 80522

Dear Colonel Roberts:

Good news! After what has seemed to have been a long and difficult ordeal of unbelievable political reality, our Arizona Senate yesterday finally gave our House Concurrent Memorial a favorable 18-11-1 vote, after my more conservative House of Representatives had passed it out several weeks ago with a booming 51-0 vote (with nine members absent and not voting).

It is becoming increasingly obvious that if our 1982 Congress had been in power in 1776, our Constitution, as it is today, would never have been written.

Maybe what ails our country is a near-lethal dose of ignorance, aided and abetted by a lot of apprehension and/or indifference.

Enclosed are a couple copies of the HCM 2002 which, in my estimation, would be more acceptable if printed on only one side of the paper.

I shall try to locate some addresses of people who have contacted me, with indications of their interest in the move to oust the International Bankers out and away from our national pocketbook.

Sincerely,

D. Lee Jones

D. Lee Jones
State Representative

DLJ:ba

Enclosure

STATE OF ARIZONA

35th LEGISLATURE
SECOND REGULAR
SESSION

HOUSE
HCM 2002
Introduced
January 21, 1982
Adopted
1 March 1982

REFERENCE TITLE: Repeal of Federal Reserve Act; Memorial

Referred on January 21, 1982
Rules

Introduced by
Representatives Jones, Skelly, Hamilton: Abril, Baker, Barr, Cajero, Carlson, Cooper, Courtright, De Long, English, Everall, Goudinoff, Harelson, Hartdegen, Hays, Higuera, Hull, Hungerford, Jennings, Jewett, Jordan, Kelley, Kenney, Kline, Kunasek, Lane, Lewis, Macy, McConnell, McElhaney, Meredith, Messinger, Morales, Pacheco, Ratliff, Rockwell, Rodriguez, Rosenbaum, Sossaman, Thomas, Thompson, Todd, Vukcevich, West, Wettaw, Wilcox, Wright, Senators Corbet, Gabaldon, Getzwiller, Gonzales, J. Gutierrez, Hardt, Hill, Kay, Lindeman, Lunn, Mack, Runyan, Sawyer, Steiner, Swink, Taylor, Tenney, Turley, Usdane

A CONCURRENT MEMORIAL

URGING THE PRESIDENT AND THE CONGRESS OF THE UNITED STATES TO REPEAL THE FEDERAL RESERVE ACT.

To the President and the Congress of the United States of America:

Your memorialist respectfully represents:

WHEREAS, Article I, section 8, Constitution of the United States, provides that only the Congress of the United States shall have the power "to borrow Money on the credit of the United States;" and

WHEREAS, Article 1, section 8, Constitution of the United States, directs that only the Congress of the United States is permitted "to coin Money and regulate the Value thereof;" and

WHEREAS, the Federal Reserve Act of 1913 transferred the power to borrow money on the credit of the United States to a consortium of private bankers in violation of the prohibitions of Article I, section 8, Constitution of the United States; and

WHEREAS, the Congress of the United States is without authority to delegate any powers which it has received under the Constitution of the United States established by the People of the United States; and

WHEREAS, Article 1, section 1, Constitution of the United States, provides that "all legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives;" and

WHEREAS, the Federal Reserve Act of 1913 was imposed upon the People of the State of Arizona in violation of the provisions of Article I, section 1, Constitution of the United States; and

WHEREAS, the Federal Reserve Banking System, has threatened the integrity of our government through the arbitrary and capricious control and management of the nation's money supply; and

WHEREAS, the United States is facing, in the current decade, an economic debacle of massive proportions due in large measure to a continued erosion of our national currency and the resultant high interest rates caused by the policies of the Federal Reserve Board; and

WHEREFORE, your memorialist, the House of Representatives of the State of Arizona, the Senate concurring, prays:

1. That the Congress of the United States immediately enact such legislation as is necessary to repeal the Federal Reserve Act.

2. That the Secretary of State of Arizona transmit copies of this Memorial to the President of the United States Senate, the Speaker of the House of Representatives of the United States and to each Member of the Arizona Congressional Delegation.

WASHINGTON STATE LEGISLATORS

MOVE TO OUST INTERNATIONAL BANKERS FROM CONTROL OF NATIONAL ECONOMY

Purported statutory powers of the Federal Reserve System to create and loan money to the government of the United States, and to set interest rates, are major factors in the present inflation and the interest rate crisis, say State lawmakers.

The Olympia Herald, 16 February 1982 issue, revealed that Senator Jack Metcalf, Washington State Legislator, has introduced Engrossed Senate Concurrent Resolution No. 127, ". . .challenging the constitutionality of the delegation of the power to create money to the Federal Reserve System."

"The Federal Reserve System is nothing more than a group of private banks which charge interest on money that never existed," Senator Metcalf declared.

The Metcalf resolution, which has cleared the Senate, asks the U.S. Supreme Court to look at the Federal Reserve Act of 1913 and see if it is constitutional.

Senate report, "Information Prepared for Washington State Senate in Consideration of SCR #127," and full text of Senator Metcalfs resolution, follow.

INFORMATION PREPARED FOR WASHINGTON STATE SENATE IN CONSIDERING SCR 127

Sen. Sellar: Senator Metcalf, are you contending that inflation and interest rates are directly related?

Sen. Metcalf: Yes, they are. If you are willing to loan money at 5%, but anticipate a 10% inflation rate, you will ask 15% interest instead of 5%. What may be worse, you will fear further inflation so tend to ask a little more just in case. When

everyone anticipates inflation, it is self-fulfilling.

Sen. McCaslin: Reading your Resolution, are you really telling us that the Federal Reserve Banking System is a private banking system?

Sen. Metcalf: Like most Americans, I believed the Federal Reserve was a part of the Federal government. It is not! It is a federally chartered private banking corporation which has by law - not by the Constitution, but by law - been given the power to control and issue the "money" used in the U.S.

Sen. Guess: How does the Federal Reserve create money?

Sen. Metcalf: This will have to be an over simplification; the actual operation is very complicated. However, this is an accurate summary of what happens.

The Federal government is going into debt about a billion dollars a week. Where does that money come from? The government prints a billion dollars worth of interest bearing U.S. Government bonds, takes them to the Federal Reserve, the Federal Reserve accepts them and places $1 billion in a checking account. The government then writes checks to a total of $1 billion.

The crucial question is:"Where was that $1 billion just before they touched the computer and put it in the checking account?" The answer: "It didn't exist." We, the people, allow a private banking system to create money at will - out of absolutely nothing - to call it a loan to our government and then charge us interest on it forever.

Sen. Quigg: Are you saying the Federal Reserve Act gives to the national banking system as a whole the power to create money, in addition to what you have said about the Federal Reserve specifically?

Sen. Metcalf: Yes, the Fractional Reserve System implemented under the Federal Reserve Act of 1913 allows the banking system, as a system, to create money -to expand the money supply. The authority to expand or contract the money supply by changing reserve requirements, given to a private banking system, puts our whole money system in fearful jeopardy.

I would urge you to remember the quote from Thomas Jefferson that I placed on your desks in the last session.

> I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the government at defiance. The issuing power should be taken from the banks and restored to the government, to whom it properly belongs.

Jefferson emphasized repeatedly that no private bank - whether chartered by the federal or a state government - should ever be permitted to issue currency or control credit; for - once entrusted with such power - they become superior to the nation itself.

Sen. Vognild: Do you contend that we, the people, are paying interest to a private banking system for use of our own government money?

Sen. Metcalf: Yes, and you bring up the most crucial point. I mentioned the creation of "checkbook money" by the Federal Reserve. As these checks from the $1 billion of newly created money go out all over America, they become our money in circulation. Why are we paying interest to a private banking system for use of our own money? By what logic does any private group collect a tax from the people for the use of our own money? And - remember - the Federal Reserve System, which receives the interest, is allowed to set the rate of interest they receive!

Sen. Lysen: The Federal Reserve Act delegates to the Federal Reserve the power to create money. Are you contending that Congress does not have the constitutional authorization to delegate that power?

Sen. Metcalf: Now, we are down to the crux of the matter. We are all aware that power granted to a body may or may not be delegated to another body, agency or institution. Our most basic document, the U.S. Constitution, states in Article 1, section 8:

> The Congress shall have the power to coin money and regulate the value thereof.

Nowhere is there the slightest hint of authorization to delegate that power even to another governmental institution - much less to a private banking system. That is absolutely outside the most broad interpretation possible.

The Constitution does not grant the authority to delegate the power to create money, and this is the heart of the resolution introduced in the Senate. This resolution, SCR 127, declares it the intent of the State of Washington to cause an action to be filed in the U.S. Supreme Court challenging the constitutionality of the delegation of power embodied in the Federal Reserve Act of 1913. This action is a matter of monumental importance to the people of this state and of this nation, especially at this time of high interest rates and budget deficits at all levels - federal, state and in the businesses and homes all across this land.

Sen. Fleming: Has there never been an independent audit of the Federal Reserve?

Sen. Metcalf: It does seem incredible, but the Federal Reserve has never been subject to an independent audit. On several occasions, members of Congress and of the U.S. Senate have requested such an audit, but a way has always been found to avoid it.

Our action here must result in that audit.

STATE OF WASHINGTON

47th LEGISLATURE
SECOND EXTRAORDINARY SESSION

ENGROSSED SENATE CONCURRENT RESOLUTION NO. 127

Offered by:
Senators Metcalf, Vognild, Rasmussen, Moore, McCaslin, Pullen, Guess, Hansen, Bauer, Lysen, Craswell and Fuller

WHEREAS, A sound money system is absolutely vital to a free people; and

WHEREAS, Inflation and exorbitant interest rates have historically been not only disasterous to the people but proof of an unsound money system and thus a real threat to established governments; and

WHEREAS, The present rampant inflation and exorbitant interest rates in the American economy are a clear and present danger to the people and to the governments of the State of Washington and the United States of America; and

WHEREAS, The purported statutory powers of the Federal Reserve System to create and loan money to the government of the United States, and to set interest rates are major factors in the present inflation and the interest rate crisis; and

WHEREAS, Article I, section 8, clause 5 of the United States Constitution grants to Congress the exclusive power "To coin money and regulate the value thereof;" and

WHEREAS, The Federal Reserve Act of 1913 and other acts of Congress purport to delegate to a federally chartered private banking system the authority to create money and to set interest rates; and

WHEREAS, The United States Constitution nowhere authorizes Congress to delegate such power, and

WHEREAS, There has never been an independent audit of the Federal Reserve System;

NOW, THEREFORE, BE IT RESOLVED, By the Senate of the State of Washington, the House concurring, that it is hereby the declared intent of the State of Washington to cause to be filed in the original jurisdiction of the Supreme Court of the United States:

(1) An action challenging the Constitutionality of the delegation of the power to create money to the Federal Reserve System; and

(2) An action requiring an independent audit of the Federal Reserve System.

ONLY SOVEREIGN STATE CAN ACT*

WHEN FEDERAL AGENTS VIOLATE UNITED STATES CONSTITUTION

Now, we find Mr. Lincoln saying in his first Inaugural Address:

> I do not forget the position assumed by some, the Constitutional questions are to be decided by the Supreme Court. Nor do 1 deny that such decisions must be binding in any case upon the parties of a suit. As to the object of that suit. While they are also entitled to very high respect and consideration in all parallel cases by all other departments of the government. And while it is obviously possible that such decision may be erroneous in any given case, still the evil effects flowing from it being limited to that particular case with a chance that it may be overruled and never become a precedent in other cases, can better be borne than the evils of a different practice. At the same time, continues Lincoln, the candid citizen must confess that if the policy of the government upon vital questions effecting the whole people is to be irrevocably fixed by decisions of the Supreme Court the instant they are made in ordinary litigation between parties and personal actions, then the people would have ceased to be their own rulers. Having to that extent practically resigned their government into the hands of that emminent tribunal. Nor is there in this view, concludes Lincoln, any assault upon the court or the judges. It is a duty from which they may not shrink to decide cases properly brought before them and it is no fault of theirs if others seek to turn their decision to political purposes.

Now, political purposes, of course, have to do with policy. And if we are to allow members of the Court who have only judicial power, not legislative power, to assume a role of telling us what to do in the legislative area, then we will be doing precisely what Lincoln was warning us against, namely, resigning our government into the hands of the members of the Court.

---

*Extract testimony by Attorney T. David Horton, Counsel, Committee to Restore the Constitution before Kansas State Senate Committee on the Judiciary, hearings on regional governance, Topeka, 23 August 1979.

They can't act as a court if they go beyond the authority specifically granted, but the members of the Court can do anything they see fit, and they can get the Clerk to put the seal of the Court on it and to the casual observer it might appear to be what the Court has done. However, if they lack authority, just as was found in the case of Marbury v. Madison with regard to a purported statute, what the Court attempts to do that is beyond its authority is void and it is just as void as a statute or an act of the administration would be.

"Law repugnant to the Constitution is void.. .for I cannot call it law contrary to the first great principles of the social compact. . . (It) cannot be considered a rightful exercise of legislative authority."

U.S. Sup. Ct., Marbury vs Madison, 1803, 2 L ed. 60; 1 Cra. 137; ref Whea; 246 & Wal 601

Now, when it comes to deciding what kind of remedy to apply, again, I think that we can find some interesting and instructive material in considering the conclusions of those who were a little closer than we are today to the framers of the agreement. We have, for example, this passage out of the report of the Kentucky legislature of November 19, 1799, which says:

> Whensoever the general government assumes undelegated powers, its acts are unauthoritative, void and of no force. That to this contract (that is the Constitution) each state exceeded as a state and is an integral party, its co-states forming as to itself the other party. That government created by this contract was not made the exclusive or final judge of the extent of the powers delegated to itself, since that would have made its discretion and not the Constitution the measure of its powers. But that, as in all other cases of compact among parties having no common judge, each party has an equal right to judge for itself as well of infraction as of the mode and measure of redress.

Now, returning to President James Madison we find in Mr. Madison's report with specific reference to the judiciary and the manner in which we may be departing from the heritage that most

of us have been taught to believe is a good one. Mr. Madison has said in his report:

> If the decision of the judiciary be raised above the authority of the sovereign parties to the Constitution (of which Kansas is one) the decisions of the other departments not carried by the forms of the Constitution before the judiciary must be equally authoritative and final with the decisions of that department. However true, therefore, it may be that the judicial department is, in all questions submitted to it by the forms of the Constitution, to decide in the last resort, this resort must necessarily be deemed the last in relation to the authorities of the other departments of the government, not in relation to the rights of the parties to the constitutional compact, from which the judicial, as well as the other departments, hold their delegated trust. On any other hypothesis, continues Madison, the delegation of the judicial power would annul the authority delegating it, and the concurrence of this department with the others in usurped powers, might subvert forever and beyond the possible reach of any rightful remedy, the very Constitution which all were instituted to preserve.

FEDERAL RESERVE ACT: A CONSPIRACY AGAINST AMERICA

Interest payments (tax money paid to the Federal Reserve System, a consortium of private bankers) are the third-largest component of the Federal budget, after Defense and Social Security, according to the Office of Management and Budget.

The Federal government spent a whopping one-hundred eleven billion, eight-hundred million dollars paying interest on the national debt in the 1983 budget year ending 30 September.

Gannet News Service, "Interest Drains Budget as Federal Debt Grows," 16 November 1983, reported that interest on the national debt is taking an ever-larger share of Federal funds, thirteen point eight percent of all spending in 1983.

The Federal Reserve Act (Act of December 23, 1913; 38 Stat: 251; 12 United States Code section 221 et seq.) is an unauthorized act by Congress, an agency of the sovereign states.

Being illegal, it must be put down by appropriate corrective action by the sovereign states.

Violations of the Constitution inherent in the Federal Reserve Act are illustrated in the following citations:

> The Constitution of the United States, Article 1, section 8 provides that only the Congress of the United States shall have the power "to borrow Money on the credit of the United States."

The Federal Reserve Act illegally transferred the power to borrow money on the credit of the United States to a consortium of private bankers, the Federal Reserve Board, in violation of the prohibitions of Article 1, section 8, Constitution of the United States.

The Constitution of the United States, Article 1, section 8, directs that only the Congress of the United States is permitted "to coin Money, regulate the Value thereof, and of foreign coin, and fix the Standard of Weights and Measures."

The Federal Reserve Act illegally transferred the power to coin money, regulate the value thereof, and of foreign coin, to a consortium of private bankers, the Federal Reserve Board, in violation of the prohibitions of Article 1, section 8, Constitution of the United States.

The Constitution of the United States, Article 1, section 1, provides that "all legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives."

The Congress of the United States is without authority to delegate any powers which it has received under the Constitution of the United States, established by the People of the United States.

THREE

"The Government should create, issue and circulate all the money and currency needed to satisfy the spending power of the government and the buying power of the consumers."

ABRAHAM LINCOLN

ARKANSAS ACTS ON FED

CITIZENS SEEK ESCAPE FROM IMPENDING ECONOMIC DEBACLE

First hearing on Arkansas' House Concurrent Resolution #18, "Urging the Congress of the United States to Repeal the Federal Reserve Act," introduced by Representative Jim Smithson, House Committee on Aging and Legislative Affairs, held 16 February, revealed that the Fed is a private banking cartel.

Pointing to a decision by the United States Court of Appeals, Ninth Circuit, in the case of, Lewis v. United States, Archibald Roberts, Lt. Col., AUS, ret., Director, Committee to Restore the Constitution, Inc., charged that, "Federal reserve banks are not federal instrumentalities . . . but are independent, privately owned and locally controlled corporations. . . ."[1]

and,

"Each Federal Reserve Bank is a separate corporation owned by commercial banks in its region. The stockholding commercial banks elect two thirds of each Bank's nine member board of directors. The remaining three directors are appointed by the Federal Reserve Board. The Federal Reserve Board regulates the Reserve Banks, but direct supervision and control of each Bank is exercised by its board of directors."

Congressman Wright Patman, House Banking and Currency Committee, Congress of the United States, said in 1952:

"The Open Market Committee (of the Federal Reserve System) has the power to obtain, and does obtain, the printed money of the United States - Federal Reserve Notes - (free) from the Bureau of Engraving and Printing," quoted Colonel Roberts.

"The Fed exchanges these printed notes, which of course are not interest bearing, for United States Government obligations that are interest bearing. After making the exchange," Patman explained, "the interest bearing obligations are retained by the 12 Federal Reserve banks and the interest collected annually on these Government obligations goes into the funds of the 12 Federal Reserve Banks."

"U.S. Treasury financial report for 1982 placed the Federal debt (money borrowed from the Federal Reserve System) at one trillion, seventy billion, two hundred forty-one million dollars," said Roberts. "Interest paid to Federal Reserve stockholders by American taxpayers on the $1,070,241,000,000 debt," Roberts stated in his testimony, "is one hundred fifteen billion, eight hundred million dollars."

Charging that the federal debt is a lien on all property, both public and private, in the United States, Roberts said that the Open Market Committee of the Federal Reserve System determines the course of the U.S. economy by setting interest rates charged by member banks,

regulating the volume of Federal Reserve notes in circulation, determining the value of money, regulating the stock market, and by controlling other economic factors.

"The Fed," he stated, "controls the government and determines whether American citizens will live in a prosperous or bankrupt society."

Congress has no authority to transfer these vast powers to a cartel of private bankers. The Constitution is very specific about this. Article 1, section eight of the Constitution of the United States directs that, "The Congress is authorized to borrow money on the credit of the United States," and, ". . .to coin money and regulate the value thereof."

Quoting Constitution Law (16 Am Jur 2d), Roberts said,

> The general rule is that an unconstitutional statute, whether federal or state, though having the form and name of law, is in reality no law, but is wholly void and ineffective for any purpose, since unconstitutionality dates from the time of its, enactment, and not merely from the date of the decision so branding it. An unconstitutional law, in legal contemplation, is as inoperative as if it had never been passed.[2]

Being unconstitutional, Roberts told panel members, the Federal Reserve Act (H.R. 7837) must be put down.

The State of Arkansas, operating at its highest sovereign capacity, has the power to correct the "unconstitutional" Federal Reserve Act of the 1913 Congress by directing its agents in Washington to "enact such legislation as is necessary to repeal the Federal Reserve," as they are authorized to do under the provisions of section 30 of the Act.

Corrective action in the twenty-fifth state, inspired by a coalition of conservative organizations headed by Mathias Frank, is supported by parallel legislation in Arizona, Washington, Nebraska, North Carolina, South Carolina, Montana, Pennsylvania, Utah, Alabama, Idaho, Illinois, Texas, Virginia, Oregon, and Indiana.

In special session, the Arkansas House of Representatives heard Roberts summarize the effect on the state's economy passage of HCR #18 would ultimately have. By supporting U.S. Congressman Ron Paul's bill to rescind the Federal Reserve Act, Arkansas agriculture would be energized, business and industry rejuvinated, and the freedoms of person and property guaranteed to the people of Arkansas by the Constitution would be restored and preserved."

EXHIBITS

[1]Lewis v. United States, No. 80-5905, United States Court of Appeals, Ninth Circuit, 19 April 1982, beginning on this page.

Constitutional Law (16 Am Jur 2d), "D.Effect of Totally or Partially Unconstitutional Statutes," "1. Total Unconstitutionality," beginning on page 47.

EXHIBIT 1

AMENDED OPINION
LEWIS v. UNITED STA TES

John L. LEWIS, Plaintiff/Appellant,
v.
UNITED STATES of America,
Defendant/Appellee.

No. 80-5905.

United States Court of Appeals,
Ninth Circuit.

Submitted March 2, 1982.
Decided April 19, 1982.
As Amended June 24, 1982.

Plaintiff, who was injured by vehicle owned and operated by a federal reserve bank, brought action alleging jurisdiction under the Federal Tort Claims Act. The United States District Court for the Central District of California, David W. Williams, Jr., dismissed holding that federal reserve bank was not a federal agency within meaning of Act and that the court therefore lacked subject-matter jurisdiction. Appeal was taken. The Court of Appeals, Poole, Circuit Judge, held that federal reserve banks are not federal instrumentalities for purposes of the Act, but are independent, privately owned and locally controlled corporations.

Affirmed.

1. United States — 78(4)

There are no sharp criteria for determining whether an entity is a federal agency within meaning of the Federal Tort Claims Act, but the

critical factor is existence of federal government control over "detailed physical performance" and "day to day operation" of an entity. 28 U.S.C.A. §1346(b).

2. United States — 78(4)

Federal reserve banks are not federal instrumentalities for purposes of a Federal Tort Claims Act, but are independent, privately owned and locally controlled corporations in light of fact that direct supervision and control of each bank is exercised by board of directors, federal reserve banks, though heavily regulated, are locally controlled by their member banks, banks are listed neither as "wholly owned" government corporations nor as "mixed ownership" corporations; federal reserve banks receive no appropriate funds from Congress and the banks are empowered to sue and be sued in their own names. 28 U.S.C.A.§ 1346(b); Federal Reserve Act §§ 4, 10(a, b), 13, 13a, 13b, 14, 14(a-g), 16, 12 U.S.C.A. §§ 301, 341-360; 12 U.S.C.A. § 361; Government Corporation Control Act, §§ 101, 201, 31 U.S.C.A. §§ 846, 856.

3. United States — 78(4)

Under the Federal Tort Claims Act, federal liability is narrowly based on traditional agency principles and does not necessarily lie when tortfeasor simply works for an entity, like the Reserve Bank, which performs important activities for the government. 28 U.S.C.A. § 1346(b).

4. Taxation — 6

The Reserve Banks are deemed to be federal instrumentalities for purposes of immunity from state taxation.

5. States — 4.15
Taxation — 6

Tests for determining whether entity is federal instrumentality for purposes of protection from state or local action or taxation, is very broad; whether entity performs important governmental function.

Appeal from the United States District Court for the Central District of California.

Before POOLE and BOOCHEVER, Circuit Judges, and SOLOMON, District Judge.*

POOLE, Circuit Judge:

On July 27, 1979, appellant John Lewis was injured by a vehicle owned and operated by the Los Angeles branch of the Federal Reserve Bank of San Francisco. Lewis brought this action in district court alleging jurisdiciton under the Federal Tort Claims Act (the Act), 28 U.S.C. § 1346(b). The United States moved to dismiss for lack of subject matter jurisdiction. The district court dismissed, holding that the Federal Reserve Bank is not a federal agency within the meaning of the Act and that the court therefore lacked subject matter jurisdiction. We affirm.

In enacting the Federal Tort Claims Act, Congress provided a limited waiver of the sovereign immunity of the United States for certain torts of federal employees. United States v. Orleans, 425 U.S. 807, 813, 96 S. Ct. 1971, 1975, 48 L.Ed.2d 390 (1976). Specifically, the Act creates liability for injuries "caused by the negligent or wrongful act or omission" of an employee of any federal agency acting within the scope of his office or employment. 28 U.S.C. §§ 1346(b), 2671. "Federal agency" is defined as:

> the executive departments, the military departments, independent establishments of the United States, and corporations acting primarily as instrumentalities of the United States, but does not include any contractors with the United States.

28 U.S.C. § 2671. The liability of the United States for the negligence of a Federal Reserve Bank employee depends, therefore, on whether the Bank is a federal agency under § 2671.

[1,2] There are no sharp criteria for determining whether an entity is a federal agency within the meaning of the Act, but the critical factor is the existence of federal government control over the "detailed physical performance" and "day to day operation" of the entity. United States v. Orleans, 425 U.S. 807, 814, 96 S.Ct. 1971. 1975, 48 L.Ed.2d 390 (1976), Logue v. United States, 412 U.S. 521, 528, 93 S.Ct. 2215, 2219, 37 L.Ed.2d 121 (1973). Other factors courts have considered include whether the entity is an independent corporation, Pearl v. United States, 230 F.2d 243 (10th Cir. 1956), Freeling v. Federal Deposit Insurance Corporation, 221 F.Supp. 955 (W.D. Okla. 1962), aff'd per curiam, 326 F.2d 971 (10th Cir. 1963), whether the government is involved in the entity's finances. Goddard v. District of Columbia Redevelopment Land Agency, 287 F.2d 343, 345 (D.C.Cir. 1961), cert, denied, 366 U.S. 910, 81 S.Ct. 1085, 6 L.Ed.2d 235 (1961), Freeling

v. Federal Deposit Insurance Corporation, 221 F.Supp. 955, and whether the mission of the entity furthers the policy of the United States, Goddard v. District of Columbia Redevelopment Land Agency, 287 F.2d at 345. Examining the Organization and function of the Federal Reserve Banks and applying the relevant factors, we conclude that the Reserve Banks are not federal instrumentalities for purposes of the FTCA, but are independent, privately owned and locally controlled corporations.

Each Federal Reserve Bank is a separate corporation owned by commercial banks in its region. The stockholding commercial banks elect two-thirds of each Bank's nine member board of directors. The remaining three directors are appointed by the Federal Reserve Board. The Federal Reserve Board regulates the Reserve Banks, but direct supervision and control of each Bank is exercised by its board of directors. 12 U.S.C. § 301. The directors enact by-laws regulating the manner of conducting general Bank business, 12 U.S.C. § 341, and appoint officers to implement and supervise daily Bank activities. These activities include collecting and clearing checks, making advances to private and commercial entities, holding reserves for members banks, discounting the notes of members banks, and buying and selling securities on the open market. See 12 U.S.C. §§ 341-361.

Each Bank is statutorily empowered to conduct these activities without day-to-day direction from the federal government. Thus, for example, the interest rates on advances to member banks, individuals, partnerships, and corporations are set by each Reserve Bank and their decisions regarding the purchase and sale of securities are likewise independently made.

It is evident from the legislative history of the Federal Reserve Act that Congress did not intend to give the federal government direction over the daily operation of the Reserve Banks:

> It is proposed that the Government shall retain sufficient power over the reserve banks to enable it to exercise a direct authority when necessary to do so, but that it shall in no way attempt to carry on through its own mechanism the routine operations and banking which require detailed knowledge of local and individual credit and which determine the funds of the community in any given instance. In other words, the reserve-bank plan retains to the Government power over the exercise of the broader banking functions, while it leaves to individuals and privately owned institutions the actual direction of routine.

H.R. Report No. 69, 63 Cong. 1st Sess. 18-19 (1913).

The fact that the Federal Reserve Board regulates the Reserve Banks does not make them federal agencies under the Act. In United States v, Orleans, 425 U.S. 807, 96 S.Ct. 1971, 48 L.Ed.2d 390 (1976), the Supreme Court held that a community action agency was not a federal agency or instrumentality for purposes of the Act, even though the agency was organized under federal regulations and heavily funded by the federal government. Because the agency's day to day operation was not supervised by the federal government, but by local officials, the Court refused to extend federal tort liability for the negligence of the agency's employees. Similarly, the Federal Reserve Banks, though heavily regulated, are locally controlled by their member banks. Unlike typical federal agencies, each bank is empowered to hire and fire employees at will. Bank employees do not participate in the Civil Service Retirement System. They are covered by worker's compensation insurance, purchased by the Bank, rather than the Federal Employees Compensation Act. Employees traveling on Bank business are not subject to federal travel regulations and do not receive government employee discounts on lodging and services.

The Banks are listed neither as "wholly owned" government corporations under 31 U.S.C. § 846 nor as "mixed ownership" corporations under 31 U.S.C. § 856, a factor considered in Pearl v. United States, 230 F.2d 243 (10th Cir. 1956), which held that the Civil Air Patrol is not a federal agency under the Act. Closely resembling the status of the Federal Reserve Bank, the Civil Air Patrol is a non-profit, federally chartered corporation organized to serve the public welfare. But because Congress' control over the Civil Air Patrol is limited and the corporation is not designated as a wholly owned or mixed ownership government corporation under 31 U.S.C. §§ 846 and 856, the court concluded that the corporation is a non-governmental, independent entity, not covered under the Act.

Additionally, Reserve Banks, as privately owned entities, receive no appropriated funds

from Congress. Cf. Goddard v. District of Columbia Redevelopment Land Agency, 287 F.2d 343, 345 (D.C.Cir. 1961), cert, denied, 366 U.S. 910, 81 S.Ct. 1085, 6 L.Ed.2d 235 (1961) (court held land redevelopment agency was federal agency for purposes of the Act in large part because agency received direct appropriated funds from Congress.)

Finally, the Banks are empowered to sue and be sued in their own name. 12 U.S.C. § 341. They carry their own liability insurance and typically process and handle their own claims. In the past, the Banks have defended against tort claims directly, through private counsel, not government attorneys, e.g.. Banco De Espana v. Federal Reserve Bank of New York, 114 F.2d 438 (2d Cir. 1940); Huntington Towers v. Franklin National Bank, 559 F.2d 863 (2d Cir. 1977); Bollow v. Federal Reserve Bank of San Francisco, 650 F.2d 1093 (9th Cir. 1981), and they have never been required to settle tort claims under the administrative procedure of 28 U.S.C. § 2672. The waiver of sovereign immunity contained in the Act would therefore appear to be inapposite to the Banks who have not historically claimed or received general immunity from judicial process.

[3] The Reserve Banks have properly been held to be federal instrumentalities for some purposes. In United States v. Hollingshead, 672 F.2d 751 (9th Cir. 1982), this court held that a Federal Reserve Bank employee who was responsible for recommending expenditure of federal funds was a "public official" under the Federal Bribery Statute. That statute broadly defines public official to include any person acting "for or on behalf of the Government." S. Rep. No. 2213, 87th Cong., 2nd Sess. (1962), reprinted in [1962] U.S. Code Cong. & Ad. News 3852 3856. See 18 U.S.C. § 201 (a). The test for determining status as a public official turns on whether there is "substantial federal involvement" in the defendant's activities. United States v. Hollingshead, 672 F.2d at 754. In contrast, under the FTCA, federal liability is narrowly based on traditional agency principles and does not necessarily lie when the tortfeasor simply works for an entity, like the Reserve Banks, which perform important activities for the government.

[4, 5] The Reserve Banks are deemed to be federal instrumentalities for purposes of immunity from state taxation. Federal Reserve Bank of Boston v. Commissioner of Corporations & Taxation, 499 F.2d 60 (1st Cir. 1974), after remand, 520 F.2d 221 (1st Cir. 1975); Federal Reserve Bank of Minneapolis v. Register of Deeds, 288 Mich. 120, 284 N.W. 667 (1939). The test for determining whether an entity is a federal instrumentality for purposes of protection from state or local action or taxation, however, is very broad: whether the entity performs an important governmental function. Federal Land Bank v. Bismarck Lumber Co., 314 U.S. 95, 102, 62 S.Ct. 1, 5, 86 L.Ed. 65 (1941); Rust v. Johnson, 597 F.2d 174, 178 (9th Cir. 1979), cert, denied, 444 U.S. 964, 100 S.Ct. 450, 62 L.Ed.2d 376 (1979). The Reserve Banks, which further the nation's fiscal policy, clearly perform an important governmental function.

Performance of an important governmental function, however, is but a single factor and not determinative in tort claims actions. Federal Reserve Bank of St. Louis v. Metrocentre Improvement District, 657 F.2d 183, 185 n.2 (8th Cir. 1981), Cf. Pearl v. United States, 230 F.2d 243 (10th Cir. 1956). State taxation has traditionally been viewed as a greater obstacle to an entity's ability to perform federal functions than exposure to judicial process; therefore tax immunity is liberally applied. Federal Land Bank v. Priddy, 294 U.S. 229, 235, 55 S.Ct. 705,708, 79 L.Ed. 1408 (1955). Federal tort liability, however, is based on traditional agency principles and thus depends upon the principal's ability to contol the actions of his agent, and not simply upon whether the entity performs an important governmental function. See United States v. Orleans, 425 U.S. 807, 815, 96 S.Ct. 1971, 1976, 48 L.Ed.2d 390 (1976), United States v. Logue, 412 U.S. 521, 527-28, 93 S.Ct. 2215, 2219, 37 L.Ed.2d 121 (1973).

Brinks Inc. v. Board of Governors of the Federal Reserve System, 466 F.Supp. 116(D.D.C. 1979), held that a Federal Reserve Bank is a federal instrumentality for purposes of the Service Contract Act, 41 U.S.C. § 35. Citing Federal Reserve Bank of Boston and Federal Reserve Bank of Minneapolis, the court applied the "important government function" test and concluded that the term "Federal Government" in the Service Contract Act must be "liberally construed to effectuate the Act's humanitarian purposes of providing minimum wage and fringe benefit protection to individuals performing contracts with the federal government." Id. 288 Mich. at 120, 284 N.W.2d 667.

Such a liberal construction of the term "federal agency" for purposes of the Act is unwarranted. Unlike in Brinks, plaintiffs are not without a forum in which to seek a remedy, for they may bring an appropriate state tort claim directly against the Bank; and if successful, their prospects of recovery are bright since the institutions are both highly solvent and amply insured.

For these reasons we hold that the Reserve Banks are not federal agencies for purposes of the Federal Tort Claims Act and we affirm the judgment of the district court.

AFFIRMED.

* The Honorable Gus J. Solomon, Senior District Judge for the District of Oregon, sitting by designation.

EXHIBIT 2

CONSTITUTIONAL LAW 16 Am Jur 2d

D. Effect of Totally or Partially Unconstitutional Statutes

1. Total Unconstitutionality

§ 256. Generally.

The general rule is that an unconstitutional statute, whether federal[29] or state,[30] though having the form and name of law, is in reality no law,[31] but is wholly void,[33] and ineffective for any purpose,[33] since unconstitutionality dates from the time of its enactment, and not merely from the date of the decision so branding it,[34] an unconstitutional law, in legal contemplation, is as inoperative as if it had never been passed.[35] Such a statute leaves the question that it purports to settle just as it would be had the statute not been enacted.[36] No repeal of such an enactment is necessary.[37]

Since an unconstitutional law is void, the general principles follow that it imposes no duties, [38] conferes no rights,[39] creates no office,[40] bestows no power or authority on anyone,[41] affords no protection,[42] and justifies no acts performed under it.[43] A contract which rests on an unconstitutional statute creates no obligation to be impaired by subsequent legislation.[44]

No one is bound to obey an unconstitutional law[45] and no courts are bound to enforce it.[46] Persons convicted and fined under a statute subsequently held unconstitutional may recover the fines paid.[47]

A void act cannot be legally inconsistent with a valid one.[48] And an unconstitutional law cannot operate to supersede any existing valid law.[49] Indeed, insofar as a statute runs counter to the fundamental law of the land, it is superseded thereby.[50] Since an unconstitutional statute cannot repeal or in any way affect an existing one,[51] if a repealing statute is unconstitutional, the statute which it attempts to repeal remains in full force and effect.[52] And where a clause repealing a prior law is inserted in an act, which act is unconstitutional and void, the provision for the repeal of the prior law will usually fall with it and will not be permitted to operate as repealing such prior law.[53]

The general principles stated above apply to the constitutions as well as to the laws of the several states insofar as they are repugnant to the Constitution and laws of the United States.[54] Moreover, a construction of a statute which brings it in conflict with a constitution will nullify it as effectually as if it had, in express terms, been enacted in conflict therewith.[55]

An unconstitutional portion of a statute may be examined for the purpose of ascertaining the scope and effect of the valid portions'.[56]

---

[29]Under Article VI of the United States Constitution, it is not the laws of the United States, but the laws of the United States which shall be made in pursuance of the Constitution, that bind the judges in every state. People v Long I.R.R., 113 Misc 700, 185 NYS 594, revd on other grounds 195 App Div 897, 186 NYS 589.

[30]Atkins v Hertz Drivurself Stations, Inc. 261 NY 352, 185 NE 408, affd 291 US 641, 78 L Ed 1039, 54 S Ct 437.

[31]Chicago, I. & LR. Co. v Hackett, 228 US 559, 57 L Ed 966, 33 S Ct 581; United States v Realty Co., 163 US 427, 41 L Ed 215, 16 S Ct 1120; Huntington v Worthen, 120 US 97, 30 L Ed 588, 7 S Ct 469; Norton v Shelby County, 118 US 425, 30 L Ed 178, 6 S Ct 1121; Ex parte Royall, 117 US 241, 29 L Ed 868, 6 S Ct 734; Hirsh v Block, 50 App DC 56, 267 F 614, 11 ALR 1238, cert den 254 US 640, 65 L Ed 452, 41 S Ct 13; Texas Co. v State, 31 Ariz 485, 254 P 1060, 53 ALR 258; Quong Ham Wah Co. v Industrial Acci. Com., 184 Cal 26, 192 P 1021, 12 ALR 1190, writ dism 255 US 445, 65 L Ed 723, 41 S Ct 373; State ex

rel. Nuveen v Greer, 88 Fla 249, 102 So 739, 37 ALR 1298; Commissioners of Roads & Revenues v Davis, 213 Ga 792, 102 SE2d 180; Grayson-Robinson Stores, Inc. v Oneida, Ltd., 209 Ga 613, 75 SE2d 161, cert den 346 US 823, 98 L Ed 348, 74 S Ct 39; State v Garden City, 74 Idaho 513, 265 P2d 328; Security Sav Bank v Cornell, 198 Iowa 564, 200 NW 8, 36 ALR 486; Flournoy v First Nat. Bank, 197 La 1067, 3 So 2d 244; Re Opinion of Justices, 269 Mass 611, 168 NE 536, 66 ALR 1477;State ex rel. Miller v O'Malley, 342
Mo 641, 117 SW2d 319; Garden of Eden Drainage Dist. v Bartlett Rust Co., 330 Mo 554, 50 SW2d 627, 84 ALR 1078; Anderson v Lehmkuhl, 119 Neb 451, 229 NW 773; Daly v Beery, 45 ND 287, 178 NW 104; Threadgill v Cross, 26 Okla 403, 109 P 558; Ex parte Hollman, 79 SC 9, 60 SE 19; Atkinson v Southern Express Co., 94 SC 444, 78 SE 516; Henry County v Standard Oil Co., 167 Tenn 485, 71 SW2d 683, 93 ALR 1483; Peay v Nolan, 157 Tenn 222, 7 SW2d 815, 60 ALR 408; State ex rel. University of Utah v Candland, 36 Utah 406, 104 P 285; Miller v State Entomologist, 146 Va 175, 135 SE 813, 67 ALR 197, affd 276 US 272, 72 L Ed 568, 48 S Ct 246; Bonnett v Vallier, 136 Wis 193, 116 NW 885; Cincinnati, W. & Z. R. Co. v Commissioners of Clinton County, 1 Ohio St 77.

"An unconstitutional law is void and is as no law. An offense created by it is no crime. A conviction under it is not merely erroneous, but is illegal and void and cannot be a legal cause of imprisonment." Ex parte Siebold, 100 US 371, 25 L Ed 717.

A discriminatory law is, equally with the other laws offensive to the constitution, no law at all. Quong Ham Wan Co. v Industrial Acci. Com., 184 Cal 26, 192 P 1021, 12 ALR 1190, writ dism 255 US 445, 65 L Ed 723, 41 S Ct 373.

[32]Ex parte Royall, 117 US 241, 29 L Ed 868, 6 S Ct 734; Ex parte Siebold, 100 US 371, 25 L Ed 717; Cohens v Virginia, 19 US 264, 5 L Ed 257; State ex rel. Nuveen v Greer, 88 Fla 249,102 So 739, 37 ALR 1298; Commissioners of Roads & Revenues v Davis, 213 Ga 792, 102 SE2d 180; Grayson-Robinson Stores, Inc. v Oneida Ltd., 209 Ga 613, 75 SE2d 161, cert den 346 US 823, 98 L Ed 348, 74 S Ct 39; Hillman v Pocatello, 74 Idaho 69, 256 P2d 1072; Henderson v Lieber's Ex'r, 175 Ky 15, 192 SW 830, 9 ALR 620; Flournoy v First Nat. Bank, 197 La 1067, 3 So 2d 244; Re Opinion of Justices, 269 Mass 611, 168 NE 536, 66 ALR 1477; President, Directors & Co. of Michigan State Bank v Hastings (Mich) 1 Dougl 225; Garden of Eden Drainage Dist. v Bartlett Rust Co., 330 Mo 554, 50 SW2d 627, 84 ALR 1078; Anderson v Lehmkuhl, 119 Neb 451, 229 NW 773; State ex rel. Stevenson v Tufly, 20 Nev 427, 22 P 1054; State v Williams, 146 NC 618, 61 SE 61; Daly v Beery, 45 ND 287, 178 NW 104; Atkinson v Southern Express Co., 94 SC 444, 78 SE 516; Ex parte Hollman, 79 SC 9, 60 SE 19; Henry County v Standard Oil Co., 167 Tenn 485, 71 SW2d 683, 93 ALR 1483; Peay v Nolan, 157 Tenn 222, 7 SW2d 815, 60 ALR 408; Miller v Davis, 136 Tex 299, 150 SW2d 973, 136 ALR 177; Almond v Day, 197 Va 419, 89 SE2d 851; Miller v State Entomologist, 146 Va 175, 135 SE 813, 67 ALR 197, affd 276 US 272, 72 L Ed 568, 48 S Ct 246; Servonitz v State, 133 Wis 231, 113 NW 277; State ex rel. Hostetter v Hunt, 132 Ohio St 568, 8 Ohio Ops 558, 9 NE2d 676, reh den.

Unconstitutionality is illegality of the highest order. Board of Zoning Appeals v Decatur Co. of Jehovah's Witnesses, 233 Ind 83, 117 NE2d 115.

[33]State v One Oldsmobile Two-Door Sedan, 227 Minn 280, 35 NW2d 525; Grieb v Department of Liquor Control, 153 Ohio St 77, 41 Ohio Ops 148, 90 NE2d 691.

An unconstitutional statute is of no effect and binding on no one. Ex parte Messer, 87 Fla 92, 99 So 330.

[34]State ex rel. Nuveen v Greer, 88 Fla 249, 102 So 739, 37 ALR 1298; State ex rel. Miller v O'Malley, 342 Mo 641,117 SW2d 319; Bonham v Hamilton, 66 Ohio St 82, 63 NE 597.

[35]Chicago, I. & L. R. Co. v Hackett, 228 US 559, 57 L Ed 966, 33 S Ct 581; Norton v Shelby County, 118 US 425, 30 L Ed 178, 6 S Ct 1121; Louisiana v Pilsbury, 105 US 278, 26 L Ed 1090; Gunn v Barry, 82 US 610, 21 L Ed 212; Hirsh v Block, 50 App DC 56, 267 F 614, 11 ALR 1238, cert den 254 US 640, 65 L Ed 452, 41 S Ct 13; Texas Co. v State, 31 Ariz 485, 254 P 1060, 53 ALR 258; Morgan v Cook 211 Ark 755, 202 SW2d 355; Connecticut Baptist Convention v McCarthy, 128 Conn 701, 25 A2d 656; Commissioners of Roads & Revenues v Davis, 213 Ga 792, 102 SE2d 180; Grayson-Robinson Stores, Inc. v Oneida, Ltd., 209 Ga 613 75 SE2d 161, cert den 346 US 823,98 L Ed 348,74 S Ct 39; Security Sav. Bank v Connell, 198 Iowa 564, 200 NW 8, 36 ALR 486; Flournoy v First Nat. Bank, 197 La

1067, 3 So 2d 244; Cooke v Iverson, 108 Minn 388, 122 NW 251; Clark v Grand Lodge, B.R.T., 328 Mo 1084, 43 SW2d 404, 88 ALR 150; St. Louis v Polar Wave Ice & Fuel Co., 317 Mo 907, 296 SW 993, 54 ALR 1082; Anderson v Lehmkuhl 119 Neb 451, 229 NW 773; Daly v Beery, 45 ND 287, 178 NW 104; State ex rel. Tharel v Board of County Com'rs, 188 Okla 184, 107 P2d 542; Atkinson v Southern Express Co., 94 SC 444, 78 SE 516; Henry County v Standard Oil Co., 167 Tenn 485, 71 SW2d 683, 93 ALR 1483; State ex rel. University of Utah v Candland, 36 Utah 406, 104 P 285; Bonnett v Vallier, 136 Wis 193, 116 NW 885; Brandenstein v Hoke, 101 Cal 131, 35 P 562; State ex rel. West v Butler, 70 Fla 102, 69 So 771; Briggs v Campbell, Wyant & Cannon Foundry Co., 2 Mich App 204, 139 NW2d 336, affd 379 Mich 160, 150 NW2d 752; State ex rel. Allison v Garver, 66 Ohio St 555, 64 NE 573.

[36]Commissioners of Roads &. Revenues v Davis, 213 Ga 792, 102 SE2d 180; Grayson-Robinson Stores, Inc. v Oneida, Ltd., 209 Ga 613, 75 SE2d 161, cert den 346 US 823, 98 L Ed 348, 74 S Ct 39; Flournoy v First Nat. Bank, 197 La 1067, 3 So 2d 244; Clark v Grand Lodge, B.R.T, 328 Mo 1084, 43 SW2d 404, 88 ALR 150; Cleveland v Watertown, 99 Misc 66, 165 NYS 305, affd 179 App Div 954, 166 NYS 286, revd 222 NY 159, 118 NE 500; Atkinson v Southern Express Co., 94 SC 444, 78 SE 516.

[37]A nullity needs no repeal. Nicol v Board of Education, 125 Misc 678, 211 NYS 749.

[38]Norton v Shelby County, 118 US 425, 30 L Ed 178, 6 S Ct 1121; Security Sav. Bank v Cornell, 198 Iowa 564, 200 NW 8, 36 ALR 486; Flournoy v First Nat. Bank, 197 La 1067, 3 So 2d 244; Kesbec, Inc. v Taylor, 253 App Div 353, 2 NYS2d 241, mod on other grounds 278 NY 293, 16 NE2d 288, 119 ALR 536, reh den 278 NY 716, 17 NE2d 136; Anderson v Lehmkuhl, 119 Neb 451, 229 NW 773; Daly v Beery, 45 ND 287, 178 NW 104; Henry County v Standard Oil Co., 167 Tenn 485, 71 SW2d 683, 93 ALR 1483; State ex rel. University of Utah v Candland, 36 Utah 406, 104 P 285.

[39]Chicago, I. & L.R. Co. v Hackett, 228 US 559, 57 L Ed 966, 33 S Ct 581; Norton v Shelby County, 118 US 425, 30 L Ed 178, 6 S Ct 1121; Hirsh v Block, 50 App DC 56, 267 F 614, 11 ALR 1238, cert den 254 US 640, 65 L Ed 452, 41 S Ct 13; Smith v Costello, 11 Idaho 205, 290 P2d 742, 56 ALR2d 1020; Security Sav. Bank v Connell, 198 Iowa 564, 200 NW 8, 36 ALR 486, Flournoy v First Nat. Bank, 197 La 1067, 3 So 2d 244; Garden of Eden Drainage Dist. v Bartlett Rust. Co., 330 Mo 554, 50 SW2d 627, 84 ALR 1078; St Louis v Polar Wave Ice & Fuel Co., 317 Mo 907, 296 SW 993, 54 ALR 1082; Watkins v Dodson, 159 Neb 745, 68 NW2d 508; State ex rel. Charleston, C. & CR. Co. v Whitesides. 30 SC 579, 9 SE 661;Kesbec, Inc. v Taylor, 253 App Div 353,2 NYS2d 241, mod on other grounds 278 NY 293, 16 NE2d 288, 119 ALR 536, reh den 278 NY 716, 17 NE2d 136; Henry County v Standard Oil Co., 167 Tenn 485, 71 SW2d 683, 93 ALR 1483.

Under Nebraska law an unconstitutional statute is an utter nullity, is void from the date of its enactment, and is incapable of creating any rights. Propst v Board of Educational Lands & Funds (DC Neb) 103 F supp 457, app dismd 343 US 901, 96 L Ed 1321, 72 S Ct 636, reh den 343 US 937, 96 L Ed 1344, 72 SCt 769.

Compare Swift v Calnan, 102 Iowa 206, 71 NW 233, holding that while no right may be based upon an unconstitutional statute, part of its provisions may be considered in construing other provisions confessedly good, in arriving at the correct interpretation of the latter.

As to the effect of, and rights under, a judgment based upon an unconstitutional law, see 46 Am Jur 2d, JUDGMENTS § 19; as to the res judicata effect of such a judgment, see 46 Am Jur 2d, JUDGMENTS §441.

[40]Norton v Shelby County, 118 US 425, 30 L Ed 178, 6 S Ct 1121; Security Sav. Bank v Connell, 198 Iowa 564, 200 NW 8, 36 ALR 486; Flournoy v First Nat. Bank, 197 La 1067, 3 So 2d 244.

[41]Felix v Board of Com'rs, 62 Kan 832, 62 P 667; Henderson v Lieber's Ex'r, 175 Ky 15, 192 SW 830, 9 ALR 620; Flournoy v First Nat Bank, 197 La 1067, 3 So 2d 244; Anderson V Lehmkuhl, 119 Neb 451, 229 NW 773; Daly v Beery, 45 ND 287, 178 NW 104.

[42]Norton v Shelby County, 118 US 425, 30 L Ed 178,6 S Ct 1121;Huntington v Worthen, 120 US
97, 30 L Ed 588, 7 S Ct 469; Osborn v President, Directors & Co. of Bank, 22 US 738, 6 L Ed 204; Smith v Costello, 11 Idaho 205, 290 P2d 742, 56 ALR2d 1020; Board of Highway Com'rs v Bloomington, 253 III 164, 97 NE 280; Security Sav. Bank v Connell, 198 Iowa 564, 200 NW 8, 36

ALR 486; Flournoy v First Nat. Bank. 197 La 1067, 3 So 2d 244; Flournoy v First Nat. Bank, 197 La 1067, 3 So 2d 244; St. Louis v Polar Wave Ice & Fuel Co., 317 Mo 907, 296 SW 993, 54 ALR 1082; Anderson v Lehmkuhl, 119 Neb 451, 229 NW 773; State v Williams, 146 NC 618, 61 SE 61; Daly v Beery 45 ND 287, 178 NW 104; Atkinson v Southern Express Co., 94 SC 444, 78 SE 516; Sharber v Florence, 131 Tex 341, 115 SW2d 604; State ex rel. University of Utah v Candland, 36 Utah 406, 104 P 285; Bonnett v Vallier, 136 Wis 193, 116 NW 885; Little Rock & F.S. Railway v Huntington, 120 US 160, 30 L Ed 591, 7 SCt 517.

It is said that all persons are presumed to know the law, meaning that ignorance of the law excuses no one; if any person acts under an unconstitutional statute, he does so at his peril and must take the consequences. Sumner v Beeler, 50 Ind 341.

As to the limitations to which this rule is subject, see §257, infra.

[43]Osborn v President, Directors & Co. of Bank, 22 US 738, 6 L Ed 204; Millet v Rizzo (La App) 2 So 2d 244; Board of Managers v Wilmington, 237 NC 179, 74 SE2d 749; State ex rel. Tharel v Board of County Com'rs, 188 Okla 184, 107 P2d 542; Sharber v Florence, 131 Tex 341, 115 SW2d 604; People ex rel. McLees v Berner, 170 Misc 501,10 NYS2d 339.

[44]A contract executed solely for the purpose of complying with the provisions of an unconstitutional statute is not valid, and the person who under its terms is obligated to comply with the provisions of the unconstitutional act is entitled to relief. Cleveland v Clements Bros. Const. Co., 67 Ohio St 197, 65 NE 885; Jones v Columbian Carbon Co., 132 W Va 219, 51 SE2d 790.

Generally, as to the application to invalid contracts of the obligation of contracts guaranty, see §688, infra.

[45] Flournoy v First Nat. Bank, 197 La 1067, 3 So 2d 244; State ex rel. Clinton Falls Nursery Co. v Steele County Board of Com'rs, 181 Minn 427, 232 NW 737, 71 ALR 1190; St. Louis v Polar Wave Ice & Fuel Co., 317 Mo 907, 296 SW 993, 54 ALR 1082; Anderson v Lehmkuhl, 119 Neb 451, 229 NW 773; Amyot v Caron, 88 NH 394, 190 A 134; State v Williams, 146 NC 618, 61 SE 61; Daly v Beery, 45 ND 287, 178 NW 104.

[46]Chicago, I. & L.R. Co, v Hackett, 228 US 559, 57 L Ed 966, 33 S Ct 581; United States v Realty Co., 163 US 427, 41 L Ed 215, 16 S Ct 1120; Payne v Griffin (DC GA) 51 F Supp 588; Hammond v Clark, 136 Ga 313, 71 SE 479; Flournoy v First Nat. Bank, 197 La 1067,3So2d 244; Anderson v Lehmkuhl, 119 Neb 451, 229 NW 773; State v Williams, 146 NC 618,61 SE 61, Daly v Beery, 45 ND 287, 178 NW 104; State ex rel. Weinberger v Miller, 87 Ohio St 12, 99 NE 1078.

Only the valid legislative intent becomes the law to be enforced by the courts. State ex rel. Clarkson v Philips, 70 Fla 340,70 So 367; Flournoy v First Nat. Bank, 197 La 1067, 3 So 2d 244.

[47]Neely v United States (CA3 Pa) 546 F2d 1059, 41 ALR Fed 331, reh den (CA3 Pa) 554 F2d 114 and on remand <WD Pa) 78 FRD 515, dismd without op (CA3 Pa) 594 F2d 855.

[48]Re Application of Spencer, 228 US 652, 57 L Ed 1010, 33 S Ct 709; Board of Managers v Wilmington, 237 NC 179, 74 SE2d 749.

[49]Chicago, I. & L.R. Co. v Hackett, 228 US 559, 57 L Ed 966, 33 S Ct. 581; Berry v Summers, 78 Idaho 446, 283 P2d 1093; Board of Managers v Wilmington, 237 NC 179, 74 SE2d 749; State v Savage, 96 Or 53,184 P 567, adhered to 96 Or 65, 189 P 427.

[50]Thiede v Scandia Valley, 217 Minn 218, 14 NW2d 400.

[51]State v One Oldsmobile Two-Door Sedan, 227 Minn 280, 35 NW2d 525.

[52]State ex rel. Boyd v Green (Fla) 355 So 2d 789; State v One Oldsmobile Two-Door Sedan, supra; State v Kolocotronis, 73 Wash 2d 92, 436 P2d 774; Boeing Co. v State, 74 Wash 2d 82, 442 P2d 970.

[53]§264, infra.

[54]Gunnv Barry, 82 US 610, 21 L Ed 212; Cohens
v Virginia, 19 US 264, 5 L Ed 257.

[55]Flournoy v First Nat. Bank, 197 La 1067, 3 So 2d 244; Gilkeson v Missouri PR. Co., 222 Mo 173, 121 SW 138; Peay v Nolan, 157 Tenn 222,7 SW2d 815, 60 ALR 408.

[56]Beneficial Loan Soc. v Haight, 215 Cal 506, 11 P2d 857.

As to partial unconstitutionality of statutes, see §§ 260 et seq., infra.

FOUR

"If the Nation can issue a dollar bond it can issue a dollar bill. The element that makes the bond good makes the bill good also. The difference between the bond and the bill is that the bond lets the money broker collect twice the amount of the bond and an additional 20%. Whereas the currency, the honest sort provided by the Constitution, pays nobody but those who contribute in some useful way. It is absurd to say our Country can issue bonds and cannot issue currency. Both are promises to pay, but the one fattens the usurer and the other helps the People."

THOMAS EDISON

A NATION IN HOCK

IDAHO TESTIMONY REVEALS FEDERAL RESERVE HAS LIEN AGAINST ALL U.S. PROPERTY

Trillion dollar national debt, money borrowed by the Federal government from the Federal Reserve System, a private banking cartel, is a lien against all property in the United States, both public and private, constitutionalist tells panel investigating cause for bankrupt society.

Solution is citizen participation in State demand for repeal of Federal Reserve Act, restoring to Congress power to 'borrow money on credit of the United States,' and returning control of economy to the people, speaker says.

On 7 March 1983 Archibald Roberts, Director, Committee to Restore the Constitution, appeared before the Idaho Senate State Affairs Committee, Honorable Walter H. Yarbrough, Chairman, to testify in support of House Joint Memorial #3, calling for repeal of the Federal Reserve Act of 1913.

Introduced by Representative Frank Findlay in response to demand by thousands of irate Idaho citizens, HJM #3 was adopted 46 to 22 by the House of Representatives on 4 February.

Senate hearings of 7 March resulted in passage by voice vote on 14 March, propelling Idaho into ranks of states challenging the constitutionality of the Federal Reserve Act.

State legislative action on the Federal Reserve demonstrates a national movement of enormous potential for reversing decline of the American civilization.

Following is a transcription from a live tape recording of address by Col. Roberts, and questions on the issue by Senate Committee members.

Mr. Chairman and members of the Senate State Affairs Committee, my name is Archibald Roberts. I am a resident of Fort Collins, Colorado, and the Director of the Committee to Restore the Constitution. The Committee is a non-profit corporation. We are a political research and public information organization. The thrust of the

Committee to Restore the Constitution, Mr. Chairman and members, is to encourage support of the Articles of the Constitution within the borders of each State. The reason for that, of course, is that the State is the principal under the Constitution having created the Federal government by the first three articles of the Constitution. Since we are dealing with Principal and Agent, it is clearly the responsibility of the respective States, as Principals, to correct any excesses of their Federal agencies in Washington, D.C. And so, in the case of the Federal Reserve Act, which we will show later in this presentation to be unconstitutional, it will be our purpose to support the resolution now before this Committee, that is House Joint Resolution No. 3, calling for repeal of the Federal Reserve Act of 1913.

During the next few minutes, Mr. Chairman, I would like to present to the Committee the origins of the national economic crisis. This, of course is at the heart of any consideration for corrective action. We will also reveal what we consider to be the proper solution for these excesses by Federal agencies, namely repeal of the Federal Reserve Act of 1913.

Because the State is superior to its creature, it is obviously the constitutional responsibility of elected state officials, representing their constituencies, to take whatever action is necessary to enforce the articles of the Constitution within the borders of the State of Idaho. Of course, all political power flows from the people. It is the responsibility of the individual citizen, therefore, to bring to the attention of elected officials violations of the Constitution, or abridgements thereof, which threaten any of the freedoms of persons or property guaranteed to the people by the Constitution.

Now the issue of economic crisis.

I believe that the magnitude of this problem, Mr. Chairman, was revealed by an Associated Press story out of Washington dated the 24th of June, 1982. The Treasury financial report of this date stated that the Federal debt was $1,070,241,000,000. The Associated Press story stated that Congress' limitation on the national debt is the reason the Senate had raised the ceiling to accommodate an anticipated budget deficit in excess of $100,000,000,000.

Mr. Chairman, we know now that since that date the deficit has been raised substantially. These are very grave conditions with a national debt of over one trillion dollars and an estimated deficit of 170 billion. Mr. Marvin Stone, Mr. Chairman, the editor of U.S. News and World Report, declared on the 28th of June, 1982, that todays interest on the national debt is over $100 billion annually, based on the trillion dollar national debt. $100 billion interest paid on the national debt. The significance here of course, is that the so-called trillion dollar debt is money borrowed by the Federal government from the Federal Reserve which is, as we will show, a private banking establishment. Therefore, the interest of $ 100 billion paid on the national debt is actually paid to the private banking cartel called the Federal Reserve, and its Class A stockholders.

I think that Americans, and particularly the people of Idaho should know to whom this trillion dollars is owed, and who collects the $100 billion dollar interest payment which we have identified. And finally, are America's taxpayers actually victims of a gigantic hoax. If the later is the case, then we of course are dealing with a criminal conspiracy,

A clue to these questions is found in a United Press International release which stated, and I quote, "Panel to Decide U.S. Monetary Course." Panel meaning the Federal Reserve Panel. This is a Rocky Mountain News article Mr. Chairman, and it revealed that the Federal Reserve Open Market Committee is the policy making body of the Federal Reserve System. Therefore, this Committee sets the course of the U.S. economy. It sets the interest rates on all money loaned by the banks and trickles down to the other lending agencies. It also, of course, determines the amount of Federal Reserve notes in circulation, which are not based on anything of value but are created out of thin air. It determines the stock market action, whether it will be up or down, and other factors which have a direct bearing on whether Americans and the citizens of Idaho will live in a bankrupt or a prosperous society. We are now living in a bankrupt society directly due to the manipulation of credit and the volume of currency put into circulation by the Federal Reserve System.

I think it would be prudent to follow this lead which we have uncovered to determine how it affects individuals involved in the lawmaking process, and of course, their constituents living in the State of Idaho.

Mr. Chairman and members of this Committee, J testified on the Federal Reserve System before the Wisconsin State Affairs Committee in Madison, Wisconsin on 30 March 1971. The title of my address was "The Secret Government of Monetary Power." This address was placed in the Congressional Record on the 19th of April, 1971, under the title "The Most Secret Science." Extracts of the Madison speech have a direct bearing on today's economic ills and explain how a secret government of monetary power did seize control of the Federal government in 1913. Since that time, Americans have existed at the whim of those who control the economy through the Federal Reserve System.

Before we examine this particular part of the presentation Mr. Chairman, it would be well to agree on the authority, the Law, affecting the economic situation in the United States. Mr. Chairman, the Constitution is very specific about control of the economy and the fiscal process of the United States. Article 1, section 8, directs that the Congress is authorized to borrow money on the credit of the United States, and to coin money and regulate the value thereof. Federal Agents, Mr. Chairman, are prohibited from modifying the Constitution or to transfer these vast powers to a private banking cartel. There is no authority in the Constitution permitting such usurpation of power. Later in this presentation, Mr. Chairman, well show how the State of Arizona, acting on this authority, that is the quoted authority of the Constitution, memorialized the President and Congress to rescind the Federal Reserve Act, as the resolution before this Committee proposes to do.

The Federal Reserve, as we have pointed out previously, is not a government agency. It is a private banking cartel. This is the crux of the issue. I think it might be pertinent therefore, Mr. Chairman, to examine the authority which the Federal Reserve itself declares established its legal status. This authority is quoted in a statement submitted to Congressman Wright Patman, who was then Banking and Currency Board Chairman, by the Board of Governors of the Federal Reserve System. This statement was made the 14th of April, 1952, and is as applicable today as it was then. I quote, "The twelve Federal Reserve Banks of the Federal Reserve Board are corporations set up by Federal law to operate for public purposes and are placed under government supervision." The Board further advised Mr. Patman, and again 1 quote, "The Board of Governors was created by Congress and is a part of the government of the United States. Its members," they said assuringly, "are appointed by the President with the advice and consent of the Senate and it," that is the Fed, "has been held by the Attorney General to be a government establishment."

Mr. Patman retorted to these rather impressive claims and exploded the myth that the Federal Reserve acts with legality as a public servant. Mr. Patman stated, "There is no free market that can cope with a national debt of $272 billion dollars. (This was in 1952. We are now well over one trillion dollars in debt as a result of the manipulation of the Federal Reserve) with 85 billion of it to be refunded within one year. The free market," he said, "means private manipulation of private credit."

As we have pointed out, Mr. Chairman, private manipulation of public credit is the purpose and objective of the Federal Reserve. I invite your attention again, Mr. Chairman and members, to Article 1 section 8 of the Constitution which declares that only the Congress can "borrow money on the credit of the United States." But in fact, as Mr. Patman pointed out, the objective of the private Federal System is to borrow money on the public credit of the United States in violation of prohibitions of the Constitution.

Then Congressman Patman revealed the contradiction in this Federal Reserve claim of government agency status, and explained how the Fed generates illegitimate profits for its members. I quote, "The Open Market Committee of the Federal Reserve System is composed of seven members of the Board of Governors and five members who are presidents of Federal Reserve banks, and who are directed by private commercial banking interests. The Open Market Committee has the power to obtain, and does obtain, the printed money of the United States (Federal Reserve Notes) (free) from the Bureau of Engraving and Printing. The Fed exchanges these printed notes," the Federal Reserves notes, "which are not, of course, interest bearing, for government obligations which are interest bearing."

This is how interest is generated on the Federal debt, the one trillion dollar Federal debt; $100 billion interest. And then Mr. Patman explained, "The interest bearing obligations are retained by the 12 Federal Reserve banks and the interest

collected annually on these government obligations goes to the funds of the 12 Federal Reserve banks."

Then Mr. Patman exploded the myth that the Federal Reserve System is an instrumentality of the Federal government. "These funds," that is interest paid on the national debt to the Federal Reserve banks, "these funds are expended by the Federal Reserve System without an accounting to the Congress. In fact, there has never been an independent audit of any of the 12 Federal Reserve banks or by the Federal Reserve Board that has been made available to the Congress, where members of the Congress would have an opportunity to inspect it. The General Accounting Office," Mr. Patman pointed out, "does not have jurisdiction over, the Federal Reserve. For 40 years," (that was in 1952), "for 40 years the System while freely using the money, that is the credit of the government of the United States, has not made a proper accounting."

An even more damning indictment of the Federal Reserve System was made by the late Lewis T. McFadden, Chairman of the Banking and Currency Committee, United States Congress. Mr. McFadden stated, "Every effort has been made by the Fed to conceal its power, but the truth is the Fed has usurped the government and it controls everything here (in Congress) and it controls all of our foreign relations. It makes and breaks governments at will."

Mr. Chairman, it is obvious that when the power to control money is transferred from the people to a private banking monopoly, as it is now proven the case in America, that the sovereignty of the people is surrendered too. Control of wealth confers upon those who control it final decision in the domestic and international affairs of nations. When an invisible government of monetary power usurps the coin of the realm, the people are disfranchised and real political authority is transferred into the hands of a financial aristocracy. Mr. Chairman, I believe that an invisible government of monetary power will continue to control the American destiny and the lives of the people until informed citizens dismantle the Federal Reserve System.

As I suggested at the beginning of this presentation, Mr. Chairman and members, we do have good news. Returning America to fiscal sanity and political responsibility has already begun. We believe that the first State to introduce legislation challenging the constitutionality of the Federal Reserve Act is Arizona. The 21st of January, 1982 is perhaps the most significant date of this century. On this date members of the Arizona State Legislature, in both the House and Senate, memorialized the President and Congress to enact such legislation as is necessary to repeal the Federal Reserve Act. The Arizona resolution is identical to the proposal now before this Committee.

I quote from a statement made by Representative D. Lee Jones, principal sponsor of the Arizona resolution. "We are determined to oust the Federal Reserve System out and away from our national pocketbook."

Asserting that only the Congress has the power to borrow money on the credit of the United States, and to coin money and regulate the value thereof, Arizona lawmakers, by a booming majority, affirmed that Congress is without authority to delegate these powers to private banking interests.

Again I quote the Arizona resolution. "The United States," they warned, "is facing in the current decade an economic debacle of massive proportions due in large measure to a continuing erosion of our national currency and the resulting high interest rates caused by policies of the Federal Reserve Board."

Mr. Chairman, quick to follow the Arizona lead, the following States also introduced companion resolutions: Washington State, Utah, Nebraska, Alabama, Indiana, North Carolina, South Carolina, Pennsylvania and Montana. All challenging the constitutionality of the Federal Reserve Act. Since that time we have had additional states join this most important movement. The latest of these being the state of Arkansas, where I testified before the Arkansas State Affairs Committee on the 15th of February and endorsed their resolution to rescind the Federal Reserve Act.

Without quoting any of the points of the Arkansas action [merely point out that it is the same resolution as is before this Committee.

Mr. Chairman, 1 believe that in this very brief presentation we have pointed out three important factors for consideration by this panel. First, the trillion dollar national debt is not owed to ourselves as government handouts would have you believe. It is owed to a private banking

monopoly, the Federal Reserve System. Therefore, Mr. Chairman, the national debt is a lien against all property in the United States both public and private. Two, interest on the national debt, which is over $100 billion for this year, $115 billion as a matter of fact, is paid to the Class A stockholders of the Federal Reserve System, a private banking monopoly. Three, the Federal Reserve Open Market Committee, that is the policy making body of the Federal Reserve System, determines interest rates, sets the volume of Federal Reserve notes in circulation, controls the stockmarket and rules on other public economic factors which determine whether Americans will live in a prosperous or a bankrupt society. We have also found, Mr. Chairman, that the Federal Reserve System, which is the source of our economic crisis, exists outside the Law; that is, in violation of prohibitions of the Constitution. Being in violation of the Constitution, Mr. Chairman, it must be put down. I believe, Mr. Chairman, that, the issue is clearly before us. Survival is not a spectator sport but requires the attention and consideration of all concerned Americans. This is the reason why I have been invited by your constituency to appear and present some of the facts behind the Federal Reserve System for your consideration.

Mr. Chairman, I invite questions if it is your pleasure.

Chairman Yarbrough: Thank you, Colonel. Is there a question?

Q: Mr. Chairman and Colonel Roberts, I was reading your Bulletin Committee to Restore the Constitution on the second page it refers to a court case, John L. Lewis v. the United States of America. Where the U.S. Court of Appeals held that the Reserve banks are independent, privately owned and locally controlled corporations. That being the case and considering the considerable damage that is being cited as being done to the citizens of this great State, wouldn't it be possible within our laws to have our own Attorney General file suit against them for reparation of some of the damages done to the citizens?

ROBERTS: Mr. Chairman, members, sir; Indeed this is one of the options available to members of this body, and we certainly would encourage such an investigation inasmuch as the Court has, in fact, found that the Federal Reserve is a private corporation, and therefore operates for the profit of its members, its member banks and the stockholders of these banks.

Q: Mr. Chairman, Colonel Roberts, then if 1 understand you correctly, you would view the urging of this legislative body to reintroduce perhaps a concurrent resolution that would ask the Attorney General of the State of Idaho to file suit in the appropriate court against the Federal Reserve System, or the Reserve banks, perhaps I should differentiate there, so that we might indeed recover damages for what we suffer.

ROBERTS: Mr. Chairman, members, sir, This is, of course, a later option in our opinion. The reason we believe it a later option is, number one, that it is our responsibility, first, to clarify the Law. Well, the Law is the Constitution, therefore, we must, in our opinion, go to the Congress with petitions from the various states demanding repeal of the Federal Reserve Act to clarify the Law. Once this action is under consideration, it is very feasible to then bring such action. However, in the case of the State of Washington, Mr. Chairman, sir, the action was, as you suggested, taken by one of the senators (Senator Jack Metcalf) in the State of Washington. However, the Attorney General of the State of Washington recommended with-holding action on this case until such time as additional States entered into a supporting movement. So this is really a first step, in our opinion, to present, first, the clear cut statement of the State of Idaho that there is violation of the Constitution. Then when we have a sufficient number of States, and we already have 16 involved, so when we have a sufficient number of States to support such action as bringing a legal case, then we are obviously in a much better position. Thank you very much.

Q: Mr. Chairman, Just one more. Colonel Roberts, 1 have one case before the Supreme Court now 1 am in no hurry to start another one. You spoke about the size of the deficit, are you able to recall those, or do you have in print the various deficits for different years?

ROBERTS: No, I don't have that list before me, but certainly we could find it. The deficits are obviously mounting in proportion to the increased money borrowed by the government from the Federal Reserve System. So it is a variable of an ever increasing size, Mr. Chairman.

Chairman Yarbrough: Any other questions?

Q: Mr. Chairman, Colonel Roberts, would you be providing stockholding members of the Federal Reserve System by name?

ROBERTS: I think first, Mr. Chairman, it would

be helpful to identify the origins of the Federal Reserve System itself. Very briefly, without going into a lot of historical background, we can quote Colonel Ely Garrison who was a friend and financial advisor to President Theodore Roosevelt and President Woodrow Wilson, who was President at the time the Federal Reserve Act was passed. In his autobiographical book which is entitled, Roosevelt, Wilson and the Federal Reserve Act, Garrison wrote, and I quote, "Mr. Paul Warburg was the man who got the Federal Reserve Act together after the Aldrich plan aroused such nationwide resentment and opposition. The master mind of both plans," declared Garrison, "was Alfred Rothschild of London," end of quote.

Now to identify the real owners of the Federal Reserve which is your question sir, . . . Mr. Chairman, I would like to quote from sources from Switzerland and Saudi Arabia who were queried on the real owners of the Federal Reserve. Mr. Chairman and sir, we do not mean the managers of the twelve Federal Reserve banks who merely run the banks for the owners, the real owners. Nor do we mean the members of the Federal Reserve Board who merely make decisions in line and in consonance with the directions they receive from the real owners of the Federal Reserve. We certainly don't mean those who sit on the Open Market Committee of the Federal Reserve which we mentioned earlier in this presentation. We mean the real owners of the Federal Reserve. Mr. Chairman, this has been the best kept secret of this century. And it is the best kept secret because of a proviso on passage of the Federal Reserve Act. It was agreed that no information would be released on the Class A stockholders of the Federal Reserve. But, a Mr. R.E. McMaster, publisher of a newsletter, The Reaper, asked his Swiss and Saudi Arabian contacts which banks hold controlling interest in the Federal Reserve System. This was the answer received, and I quote, "Owner number one, Rothschild Banks of London and Berlin; Owner number two, Lazard Brothers Banks of Paris; Owner number three, Israel Moses Seif Banks of Italy; Owner number four, Warburg Bank of Hamburg and Amsterdam; Owner number five, Lehman Brothers Bank of New York; Owner number six, Kuhn, Loeb Bank of New York; Owner number seven. Chase Manhattan Bank of New York." Mr. Chairman, it is the Chase Manhattan Bank which controls all of the other eleven Federal Reserve Banks. Finally, "Owner number eight, Goldman, Sachs Bank of New York."

Mr. Chairman, sir, there are approximately three hundred people, all known to each other and sometimes related to one another, who hold stock or shares in the Federal Reserve System. They comprise an interlocking, international banking cartel of wealth beyond comprehension.

Q: You mentioned Class A stockholders. Now who would they be? The same bank members?

ROBERTS: These are the three hundred, sir, Mr. Chairman. These are the same three hundred that I mentioned at the end of this presentation who are Class A stockholders. We are in the process, of course, of seeking to identify these by name and address, but you can understand the difficulty of such investigative process. In fact, we are still in the process of locating the Articles of Incorporation of the Federal Reserve at the time it was passed in 1913. Again, we are obviously confronted by a massive wall of silence. So it is a difficult task. But nonetheless, we have made some breaches in their defense.

Q; What are the names of those eight members. 1 didn't get a chance to write them down.

ROBERTS: Mr. Chairman, sir, the listed names of the banks which own the Federal Reserve in the United States are in the copy of my presentation left with your secretary.

Q: Mr. Chairman, sir, supposing we had enough states to ratify this proposition and we stalled and curtailed the Federal Reserve Board. Do we have a plan where we could continue business as usual?

ROBERTS: Mr. Chairman, the question, of course is a very explicit one and that is that it really asks are we able to continue operating the economy without the Federal Reserve. I would point out, Mr. Chairman, sir, that the United States of America operated until 1913 without the service of the Federal Reserve through the existing agencies of government which still exist and function today. But the real control has been usurped from these agencies, authorized under the Constitution, and their power has been limited to merely approving what decisions are made by the owners of the Federal Reserve. So to answer your question, of course we'd continue the economy, but without paying the horrendous interest rates to the owners of the Federal Reserve. I would

point out further, Mr. Chairman, that it would be our objective to repudiate the one trillion dollar national debt because it is not owed to us, it is owed to the Federal Reserve System. Since the Federal Reserve System, Mr. Chairman, is a criminal conspiracy, the ill-gotten gains, this trillion dollar debt, a lien against all private property in the United States, obviously is a criminal act against the people of the United States.

Chairman Yarbrough: Any further questions? If not Colonel, I believe there has always been a question involved in a lot of minds whether or not the Federal Reserve Board is a government agency or a private agency. Has there not been a recent court case to that effect.

ROBERTS: Mr. Chairman and members, the March 1983 CRC Bulletin produces in its entirety the Court decision to which you refer. This is, Lewis v. the United States, Court Case number 80-5905, United States Court of Appeals, Nine Circuit Court, San Francisco, 19th of April, 1982. The entire text is reprinted so that there would be no question as to the finding, the ruling of the Court. The Court specifically stated that the Federal Reserve is a private banking monopoly.

Chairman Yarbrough: One further question along these same lines. Has this been appealed to the Supreme Court?

ROBERTS: Mr. Chairman, members, we do not have any record of appeal. If there is to be an appeal, and possibly there will be, then we'll bring that out later. I think the finding speaks for itself, and this is really the issue we want to bring out.

With your indulgence, Mr. Chairman, I would like to add one more thing to the evidence before this body, and that is the Monetary Control Act of 1980 which is, of course, an authority passed by the Congress allegedly placing all economic organizations under control of the Federal Reserve System. First, Mr. Chairman, it brings all U.S. depository institutions under the authority of the Federal Reserve System which is, as we have pointed out, an international banking cartel. Two, it expands the definition of collateral for Federal Reserve credit and Federal Reserve notes in circulation. This means that any asset the Fed can purchase on the open market can be used as an asset against such borrowing. The cartel thus, as I have pointed out, has a lien against all property in the United States, because all of the banking institutions and lending institutions under the Federal Reserve today use their collateral as authority to create money out of thin air. This, then, is the means by which the internationalists have placed their control over all real estate of the United States, and, of course, all individuals who own private property of any kind.

For example, the Feds can now purchase such collateral as FHA and VA backed mortgages or corporate debt obligations. Also, the Fed can now bail out Chrysler, as it did, and any other corporation, by buying all of the commercial paper of that corporation. Therefore, the Fed controls the American economy and American industry through this technique. Also, the Fed can bail out the Chase Manhattan Bank, City Bank, or any other bank with the acception of federally backed mortgages from such banks. That is, irresponsible bank loans, foreign and domestic, as we have seen, through the activity of the Federal Reserve and the International Monetary Fund. They are able to bail out bankrupt foreign governments, placing the burden of repayment for those bad loans upon the backs of the American taxpayer.

Chairman Yarbrough: One further question. I think history teaches us when most every government went on paper money, off of a gold standard or silver standard, got in trouble. And knowing politicians pretty well, if we eliminated the Federal Reserve and gave that authority to Congress of the United States, unless we did go on a gold standard or have something behind the money to back it up, do you suppose we, in a short time, we'd be in worse shape than we are in now?

ROBERTS: Mr. Chairman, of course, we are speaking about violations of the Law, and therefore, a criminal conspiracy. So it is not an option of whether or not we will continue with the Federal Reserve. It is a matter of whether we are to enforce the Constitution. The Constitution is not a constitution of convenience, it is not what people may want to make it from day to day. It is very specific and, as we quoted in the early part of this presentation, Article I, section 8 of the Constitution is very clear on the responsibility of Congress to control fiscal activity of the United States through the apparatus established by the Congress. Therefore, the action of returning control of the economy to the American people through the Congress, as is proper under the Constitution, is a requirement. Either that, or we abolish the Constitution. Now I think it is clear

that once we are in a position to control our own destiny by controlling the economy through the existing agencies now available, voiding and. rescinding the Federal Reserve Act, that we go back to the same system which gave us the most powerful and most prosperous nation in the world, the United States of America. America is a free economy and became a free economy because of the Revolutionary War, which was not a war merely against the tax on tea imports, but rather it was a war against Thread Needle Street, the British debit money system imposed upon the colonists in violation of their free will. That was the real reason for the Revolutionary War.

Q: Could you give us a little broader base in particular on the Monetary Deregulation Act of 1980?

ROBERTS: Mr. Chairman, sir, the Monetary Control Act of 1980 is available in your reference library, I am sure. Its purpose was to bring together under the authority, alleged authority, of the Federal Reserve System, all lending agencies of the United States, as well as the banks which must operate in conformity with Chase Manhattan Bank guidelines. This Act, in fact, was responsible for a very powerful, silent revolution in the economy, and in the banking world of the United States. It did prepare and accomplished the consolidation or centralization of all economic factors in the United States under control of the Federal Reserve itself. The Federal Reserve, therefore, controls not only the twelve Federal Reserve Banks, but also all of the lending institutions in the United States. As we mentioned earlier, the mortgages held by these lending agencies are part and parcel of the credit controls upon which the Federal Reserve now exercises its alleged authority to create money out of thin air. It is a real lien against all private property in the United States, as well as Federal property, I might add.

Chairman Yarbrough: Any other questions? If not, I have one more. You say we can't get the stockholders in the Federal Reserve. Now if it is a Federal institution, as we have been lead to believe over these years, under the Freedom of Information Act, which was passed at a later date, should not that make all information of stockholders and such available to any person in the United States who wanted it?

ROBERTS: Mr. Chairman, that is precisely what we are doing. Several months ago I presented a request to several Congressmen in Washington quoting the Freedom of Information Act and asking, number one, for a copy of the Articles of Incorporation of the Federal Reserve System. The Articles of Incorporation obviously would have to list the owners at that point. It would not necessarily, however, have to list the foreign owners. So we are working in both directions. That is, we want to secure a copy of the Articles of incorporation to identify the domestic owners, but at the same time we are seeking further expansion of the identification of the owners of these eight banks, and the three hundred stockholders who actually own the Federal Reserve System in the United States. So, yes, we are working in this direction. As a matter of fact, it would be my assumption, sir, that the State of Idaho, in its highest sovereign capacity, would have a higher authority to bring pressure upon your representatives in Congress than does the Committee to Restore the Constitution. This would be an excellent avenue of investigation.

Chairman Yarbrough: Any further questions?

Q: What about bank deposits insured by a Federal agency?

ROBERTS: Mr. Chairman, sir. Since all banks are controlled or owned by the Federal Reserve System obviously it would be very risky to permit any independent agency of government to be without supervision of the Federal Reserve, because then the entire System would be at risk. So obviously all of these agencies, including the insurance procedure which you noted are part of the Fed control mechanism which we have outlined here today.

Chairman Yarbrough: 1 have a question. 1 understand the big banks are taking money to Mexico, Brazil, and all the developing nations. Are they responsible in case of default, or is the United States government?

ROBERTS: Mr. Chairman, under the provisions of the Monetary Control Act, as we pointed out, all of the foreign debts granted by the various banks are all based upon the ability of the American taxpayer to pay. All of these debts, under this alleged authority, are subject to monetization. That is, the tremendous Mexican debt, which you pointed out, can be monetized and declaring that it now is a responsibility of the

Federal government to collect. Therefore, the taxpayers become subject to paying not only the interest on these horrendous debts, but also the principal. This is one of the aspects of the Control Act of 1980 which is so ominous. The International Monetary Fund is exercising that alleged authority to place the burden of repayment, not on the resources of the host company, Mexico, in this case, but on the backs of the American taxpayers.

Chairman Yarbrough: Thank you. Any further questions? If not, Colonel, we thank you very much.

ROBERTS: Thank you, sir, it's an honor.

STATE OF IDAHO

MEMORIAL TO REPEAL FEDERAL RESERVE ACT

LEGISLATURE OF THE STATE OF IDAHO
FORTY-SEVENTH LEGISLATURE
FIRST REGULAR SESSION—1983

IN THE HOUSE OF REPRESENTATIVES
HOUSE JOINT MEMORIAL NO. 3
BY STATE AFFAIRS COMMITTEE

A JOINT MEMORIAL

To the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives of the United States in Congress assembled, and to the Congressional Delegation representing the State of Idaho in the Congress of the United States.

We, your Memorialists, the House of Representatives and the Senate of the State of Idaho assembled in the First Regular Session of the Forty-seventh Idaho Legislature, do hereby respectfully represent that:

WHEREAS, the Constitution of the United States vests in the Congress of the United States the supreme power "to coin money, regulate the value thereof and of foreign coin, and fix the standard of weights and measures;" and

WHEREAS, Congress passed the Federal Reserve Act in 1913 and thereby abdicated its duty to fix a constant lawful value for United States money; and

WHEREAS, the national debt in 1913 was less than two billion dollars while the national debt in 1983 exceeds one trillion dollars; and

WHEREAS, the people of Idaho are suffering from the effects of high unemployment and the recession, which has been caused principally by high interest rates; and

WHEREAS, the control of interest rates by the Board of Governors of the Federal Reserve Board has led the Nation down a course toward economic calamity; and

WHEREAS, section 19, of the Federal Reserve Act specifically precludes the State of Idaho from effectively legislating or enacting any lawful ceiling for interest rates charged by the Federal Reserve, thereby immunizing banks and bankers from any threat of civil or criminal liability for interest rates charged; and

WHEREAS, the United States Government owns no stock in the Federal Reserve System, and the Federal Reserve, as such, is not a government agency, and is, in fact, a monopoly entirely independent of U.S. Government control absent direct legislative action by the Congress.

NOW, THEREFORE, BE IT RESOLVED by the members of the First Regular Session of the Forty-seventh Idaho Legislature, the House of Representatives and the Senate concurring therein, that the United States Congress enact legislation providing for the immediate repeal of the Federal Reserve Act and place back in the Congress the power to regulate the value of United States money.

BE IT FURTHER RESOLVED that the Chief Clerk of the House of Representatives be, and she is hereby authorized and directed to forward copies of this Memorial to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives of the United States in Congress assembled and the congressional delegation representing the State of Idaho in the Congress of the United States.

FACT SHEET ON THE MONETARY CONTROL ACT, PUBLIC LAW 96-221,

Prepared by Dr. Ron Paul, Member of Congress, 23 March 1983

On March 31, 1980 President Carter signed the Depository Institutions Deregulation and Monetary Control Act, Public Law 96-221. The Law consists of nine titles, most of which are unobjectionable. But the first title is not, yet it is the first title that went largely unexamined — and even unnoticed — when the House and the Senate debated the final version of the Act. That title provides that:

1. The Federal Reserve is given control over all depository institutions, not just its own members. Credit unions, savings and loans, savings banks, and nonmember commercial banks are chafing under the burdens imposed by the Monetary Control Act. The Federal Reserve's direct control over financial institutions expanded from coverage of about 3000 institutions to about 14,000.

2. Reserve requirements are to be lowered over several years. This means that banks will be able to create more money out of thin air, aided and abetted by the Federal Reserve. Also, the Federal Reserve can now lower reserve requirements to zero.

3. The Federal Reserve can print unlimited quantities of Federal Reserve notes and store them in their vaults. All collateral requirements for "vault cash" were abolished. Collateral is required only when such notes are actually issued by the Federal Reserve banks.

4. The Federal Reserve can issue more paper money because it can now use virtually any of its assets as collateral for circulating notes. Such assets include debts issued by sewer commissions, municipalities, and irrigation districts, for example.

5. The Federal Reserve can monetize foreign debt by buying "obligations of, or fully guaranteed as to principal and interest by, a foreign government or agency thereof."

6. The Federal Reserve can further inflate by using this foreign debt as collateral for issuing Federal Reserve notes. In fact the Fed has done this on at least 139 occasions, from April 1981 to January 1983, as you will see from the tables at the end of this paper.

Because of the vast inflationary and bailout potential of section 105(b) (2) of Title 1 of Public Law 96-221,1 have introduced a bill, H.R. 876, to repeal that section.

Under that section, the Federal Reserve is given blanket authority to purchase the debt of any sovereign debtor. There is no language, either in the Act itself or in its scant legislative history, that restricts the number of governments from which the Federal Reserve can purchase debt.

Further, there is no restrictive language in the Act itself or in its virtually non-existent legislative history that restricts the Federal Reserve in what it may use to purchase the debt of foreign governments. The Federal Reserve has always maintained that (1) it would never purchase the debt of Third World nations and (2) that it would purchase debt only with the currencies of countries which it already holds as a result of its foreign exchange operations. Such a position is irrelevant: The Federal Reserve may have the best of intentions, but intentions and legal authority are two quite different things. It is the granting of this power that must be rescinded, and if the Federal Reserve really does have good intentions, it ought to support H.R. 876, for the bill would simply make the law conform to the Fed's good intentions.

The House Subcommittee on Domestic Monetary Policy is circulating a memorandum on the Monetary Control Act (MCA) that is seriously misleading.

it says, for example, that ". . . section 105(b) (2) . . . allows the Federal Reserve to purchase short term securities of a foreign government." The statement is true, but misleading. The MCA does allow the Fed to purchase short-term securities, and also medium and long-term securities. The actual language of section 105(b) (2) permits the Federal Reserve to buy and sell, at home or abroad, "obligations of or fully guaranteed as to principal and interest by, a foreign government or agency thereof."

The MCA says nothing about short-term or long-term securities. The Fed is simply empowered to purchase all and any obligations of a foreign

government or agency without regard to their maturities. The Subcommittee's statement is incomplete on several counts: (1) All maturities, not merely short-term securities, are involved; (2) agencies of foreign governments, as well as the governments themselves, are involved; (3) obligations guaranteed by foreign governments or their agencies are involved. While the Fed has repeatedly rolled over the short-term securities it has purchased, the purchase of long-term securities would signal an actual attempt to use section 105(b) as a device to bailout both foreign governments and overextended U.S. banks.

Second, the Subcommittee memorandum says that section 105(b) (2) was "Inserted during the House-Senate Conference with unanimous consent upon the motion of Chairman Proxmire . . ." But the Senator's office has repeatedly denied that the provision was inserted on the Senator's motion. In fact, according to the Senator's staff, it was the House Republican members of the Conference Committee who offered the motion on behalf of the Federal Reserve. The House Committee, I was astounded to learn, has no records of the Conference proceedings.

Third, the memorandum states that ". . . the controversy over this section has been derived from great misunderstanding and mischievious (sic) intent." I do not believe that I have misunderstood the provision — it is really quite clear — and my only intent is to limit the broad power conferred on the Fed by this section of the law.

Fourth, the memorandum reads: "Contrary to some beliefs, this provision was not put in by Federal Reserve Chairman Volcker since only Representatives and Senators can be conferees." Whose beliefs are these? Chairman Volcker did request this provision in his testimony before the Senate Banking Committee in September 1979, and, as noted above, the Representatives who allegedly offered the motion at the Conference Committee were acting on behalf of the Federal Reserve.

Fifth, and most important, the memorandum shifts the debate: "There is no intention to permit the United States Government, through the actions of its Federal Reserve System, to subsidize any country, any central bank, or buy the debt of any financially troubled nation."

The central issue is not one of intent or intentions, despite the memorandum's interest in these things. The matter is one of authority conferred by Congress in the Act itself, and that authority is unlimited. Nowhere does the Act say that subsidies to any country or bank are illegal. It does say that the Fed may purchase the debt of any country, or any agency of any country, with any acceptable medium of exchange. The entire "legislative history" of this provision is as follows:

> . . . the Federal Reserve Act already permits us to hold foreign bank deposits and bills of exchange; it would be helpful to us operationally if short-term foreign government securities could be added to our authorized holdings — an omission at the time of the original Federal Reserve Act when such securities were not widely available. (Paul Volcker, September 26, 1979, Testimony before the Senate Banking Committee.)

This paragraph is the first mention of allowing the Fed to use foreign government assets as collateral, and only 19 words of the paragraph refer to the Fed's ability to purchase foreign government securities. There were no questions from the Senators on the issue, and the provision requested by Chairman Volcker was not added to the Senate bill. Neither did it appear in the House bill; it was added to the Conference Report, and the House had to adopt a special rule for consideration of the Conference Report, since the Report contained new material and the conferees exceeded their authority.

The next mention of the provision allowing the Fed to purchase the securities of foreign governments and use them as collateral for Federal Reserve notes occurred on March 27, 1980. In his explanation of the Conference Report, Senator Proxmire said:

> It (the Monetary Control Act) also authorizes the Federal Reserve to purchase and sell obligations issued by foreign governments.
>
> Under existing statutory authority, the Federal Reserve, in the course of its normal activities in the foreign exchange markets from time to time acquires balances in foreign currencies. Under present arrangements there is no convenient way in

which foreign currency balances held by the Fed can be invested to earn interest.

The Monetary Control Act would amend section 14 of the Federal Reserve Act to provide a vehicle whereby such foreign currency holdings could be invested in obligations of foreign governments and thereby earn interest. This authority would be used only to purchase such obligations with foreign currencies balances acquired by the Federal Reserve in the normal course of business.

(By this statement, the Congress was led to believe that this provision was needed so that the Fed could conveniently earn interest on its foreign exchange holdings. But the Fed could then, and now is, earning interest on these holdings by depositing them in interest-bearing bank accounts. The excuse given for this provision - to earn interest - is misleading. The Fed did and does earn interest on the foreign currencies it holds without buying foreign debt.)

There is no mention of section 105(b) (2) in the Conference Report on H.R. 4986.

Those three paragraphs are the entire "legislative history" of this provision. Nothing appears in any House document; no testimony was taken on the provision; and no mention of the provision was made during the House debate on the Conference Report. It is this scant "legislative history" that, we are told, overrides the explicit language of the Act itself. But intentions are not law, and the intentions of the legislature are useful only when the law is ambiguous. Unfortunately, there is nothing ambiguous about section 105(b) (2) of the Monetary Control Act.

On June 25, 1981 Chairman Volcker testified before the House Banking Committee:

Rep. Paul: "I am concerned about the Fed's legal ability to do it (use foreign debt as collateral)."

Chrm. Volcker: "I think we can use it as collateral, that is correct as many other assets we can use as collateral."

Rep. Paul: "A Brazilian bond or a Polish bond, you could use this as collateral?"

Chrm. Volcker: "We only do this when we acquire a balance in the ordinary course of our foreign exchange operations. We don't have any foreign exchange operations with Brazil, so the issue does not arise in that case, and we would not use the authority to just go out and buy."

Rep. Paul: "I understand, you would not use it. I am still back to the long-term legal concern whether you could or could not if you decided to."

Chrm. Volcker: "I guess in connection with the legal concern there's my recollection that there is nothing in that provision that would theoretically stop it except the legislative history which is quite clear. Whether there is any other authority in the Federal Reserve Act that would authorize us to simply buy securities of foreign countries at random or whatever, and I'm not quite sure under which general authority that approach could come, but that provision itself does not constrain us." (Emphasis added.)

The law is clear, and the legislative history is legally irrelevant. The question is not what the present Governors of the Fed intend to do, but what they and future Governors are empowered to do. We might not always have such trustworthy men at the Fed as we have now.

Finally, the memorandum states that "The legislation nowhere makes Fed membership mandatory." That is true, but incomplete. What the MCA does is make Fed membership superfluous, for it amends the original Federal Reserve Act by striking out the phrase " 'member bank' each place it appears therein and inserting in lieu there 'depository institution.' "

In conclusion, the memorandum offers no evidence to contradict the statement that the

Monetary Control Act of 1980 empowered the Federal Reserve to purchase the obligations of foreign governments, or obligations fully guaranteed by foreign governments, and use those obligations as collateral for Federal Reserve notes. As a matter of fact, the Fed has done so on at least 139 different occasions. Below is a list provided by the Federal Reserve:

FOREIGN GOVERNMENT OBLIGATIONS PURCHASED BY FEDERAL RESERVE BANKS AND USED AS COLLATERAL TO ISSUE FEDERAL RESERVE NOTES (1981-1983)
(Federal Reserve Bank Principal identified by asterisks)

April 21, 1981	$ 11.6 million	April 24, 1981	$ 38.4 million
April 28, 1981	$ 17.1 million	May 5,1981	$ 18.0 million
May 7,1981	$ 36.6 million	May 12,1981	$ 64.3 million
May 13,1981	$ 96.7 million	May 27,1981	$ 9.3 million
June 9,1981	$ 44.8 million	June 10,1981	$109.0 million
June 23,1981	$ 1.0 million	June 30, 1981	$ 27.0 million
July 1,1981	$ 18.1 million	July 10,1981	$ 48.8 million
July 13, 1981	$ 49.0 million	July 14,1981	$ 76.4 million
October* 5,1981	$ 8.0 million	October* 6, 1981	$106.0 million
October 7, 1981	$ 7.0 million	October* 7, 1981	$196.0 million
November 17,1981	$ 51.0 million	November 18,1981	$ 45.0 million
November 24, 1981	$ 20.0 million	November 27, 1981	$ 31.0 million
November 30, 1981	$ 57.0 million	December 1, 1981	$ 82.0 million
December 2,1981	$ 64.0 million	December 3,1981	$ 28.0 million
December 4,1981	$ 36.0 million	December 7, 1981	$ 31.0 million
December 8,1981	$ 5.0 million	December 9,1981	$ 55.0 million
December 15, 1981	$ 8.0 million	December 16, 1981	$ 45.0 million
December 18, 1981	$ 15.0 million	December 21,1981	$104.0 million
December 22, 1981	$ 71.0 million	December 23,1981	$106.0 million
December 24,1981	$102.0 million	December 28,1981	$121.0 million
December 29,1981	$ 73.0 million	December 30, 1981	$ 22.0 million
January 6,1982	$ 88.0 million	January 13, 1982	$ 31.0 million
January 19,1982	$ 8.0 million	March* 4,1982	$125.0 million
March* 5,1982	$ 86.0 million	March 8, 1982	$ 9.0 million
March* 8,1982	$188.0 million	March 9, 1982	$ 77.0 million
March* 9,1982	$216.0 million	March 10, 1982	$ 90.0 million
March* 10, 1982	$235.0 million	March* 31,1982	$ 64.0 million
April* 6, 1982	$246.0 million	April** 6, 1982	$ 76.0 million
April 7, 1982	$ 93.0 million	April* 7, 1982	$239.0 million
April** 7,1982	$183.0 million	April** 12,1982	$ 31.0 million
April 13, 1982	$ 25.0 million	April* 13,1982	$ 42.0 million
April 14,1982	$ 27.0 million	April* 14, 1982	$ 1.0 million
April** 14,1982	$ 51.0 million	June 30,1982	$ 39.0 million
July 6,1982	$ 43.0 million	July 7, 1982	$ 81.0 million
July* 7,1982	$ 27.0 million	July 8,1982	$ 7.0 million
September** 15,1982	$ 17.0 million	September** 29,1982	$ 11.0 million
October** 6,1982	$121.0 million	October 8,1982	$ 40.0 million
October 11, 1982	$ 40.0 million	October 12,1982	$ 52.0 million
October 13, 1982	$ 69.0 million	October 14,1982	$ 39.0 million
October 20,1982	$ 50.0 million	October 21,1982	$ 10.0 million
October 28,1982	$ 18.0 million	October 29,1982	$ 14.0 million

*Richmond Federal Reserve Bank

**Kansas City Federal Reserve Bank

***Philadelphia Federal Reserve Bank

FOREIGN GOVERNMENT OBLIGATIONS PURCHASED BY FEDERAL RESERVE BANKS AND USED AS COLLATERAL TO ISSUE FEDERAL RESERVE NOTES (1981-1983)
(Federal Reserve Bank Principal identified by asterisks)

November** 1,1982	$ 30.0 million	November 2, 1982	$ 25.0 million
November 3, 1982	$ 66.0 million	November 4,1982	$ 38.0 million
November 5, 1982	$ 91.0 million	November 8, 1982	$ 42.0 million
November 9,1982	$ 75.0 million	November 9, 1982	$ 15.0 million
November** 10,1982	$ 60.0 million	November 10, 1982	$ 18.0 million
November** 11,1982	$ 60.0 million	November 11, 1982	$ 18.0 million
November**, 15, 1982	$ 47.0 million	November 15, 1982	$ 25.0 million
November** 16,1982	$ 2.0 million	November** 16,1982	$ 5.0 million
November** 18,1982	$ 51.0 million	November** 19, 1982	$ 17.0 million
November** 23,1982	$ 23.0 million	November** 24, 1982	$107.0 million
November** 25, 1982	$107.0 million	November** 26,1982	$ 82.0 million
November** 29,1982	$ 3.0 million	December** 1,1982	$ 89.0 million
December** 2,1982	$ 82.0 million	December** 3,1982	$ 13.0 million
December** 6, 1982	$ 75.0 million	December** 7, 1982	$213.0 million
December** 8, 1982	$191.0 million	December** 8, 1982	$ 30.0 million
December** 9,1982	$108.0 million	December** 10,1982	$ 14.0 million
December** 13,1982	$ 77.0 million	December** 14,1982	$ 45.0 million
December** 15,1982	$ 10.0 million	December** 16,1982	$ 66.0 million
December** 17,1982	$ 44.0 million	December** 21,1982	$ 85.0 million
December** 22,1982	$153.0 million	December*** 22, 1982	$ 21.0 million
December** 23, 1982	$133.0 million	December** 24, 1982	$134.0 million
December** 27,1982	$ 87.0 million	December** 28,1982	$187.0 million
December*** 28,1982	$ 36.0 million	December** 29,1982	$205.0 million
December*** 29,1982	$ 57.0 million	December** 30,1982	$143.0 million
December*** 30, 1982	$ 12.0 million	December** 31, 1982	$107.0 million
January** 3, 1983	$ 74.0 million	January** 5, 1983	$ 4.0 million
January** 6,1983	$ 49.0 million	January** 7, 1983	$ 96.0 million
January** 10,1983	$ 57.0 million	January** 11,1983	$ 61.0 million
January** 12,1983	$ 46.0 million		

* Richmond Federal Reserve Bank

**KansasCity Federal Reserve Bank

***Philadelphia Federal Reserve Bank

FIVE

"Under the Federal Reserve Act panics are scientifically created; the present (1920) is the first scientifically created one, worked out as we figure a mathematical problem."

CONGRESSMAN CHARLES LINDBURGH

OREGON FEDERAL RESERVE HEARING

NO PROBLEM, OTHER THAN NUCLEAR WAR, OUTWEIGHS THIS PROBLEM, SAYS WASHINGTON STATE SENATOR JACK METCALF

An act of war was perpetrated against United States citizens and their descendants on 23 December 1913. On this day of infamy a private banking cartel affected passage of the Federal Reserve Act, usurped the government, and assumed control of the American destiny, but, Americans don't have to take it anymore.

The battle to restore and defend money and property of U.S. citizens has already begun. Over twenty-five sovereign States have challenged the constitutionality of the Federal Reserve Act. Several State legislatures have memorialized the President and Congress to repeal it, as they are authorized to do under Article 30 of the Act. Some States propose that their Attorney General file suit to force Federal Reserve Banks to disgorge illicit interest paid by tax-paying victims of the system. Reparation to citizens injured by Federal Reserve policies is under consideration.

Authority, indeed, the requirement for State action to protect the interests of the people, is contained in the Constitution, the 'Law of the Land.'

Concept of 'Principal vs Agent' is central to the struggle. The State is the Principal under the Constitution, a contract between sovereign States. Executive, Legislative, and Judicial departments of the Federal government are, therefore, agencies of the State.

Thirteen original nation-states created the Federal government by the first three articles of the Constitution. Each succeeding State entered the Union of States on an equal footing with every other State. Each State is charged to defend and preserve freedoms of person and property guaranteed to their people by the Constitution.

Superior to its creature, the State is constitutionally bound to correct, by action at its highest sovereign capacity, violations of the Constitution by its Agents, and to provide criminal sanctions for transgressors.

Elected State officials, representing their constituencies and responsible to them, are required to take whatever action is necessary to enforce provisions of the Constitution within the borders of the State.

The people, from whom flow all political powers, are responsible for instructing their representatives to confine the functions of government to limitations defined in Articles of the Constitution of the United States.

Correctly claiming that the Federal Reserve Act violates Article 1, section 8 of the Constitution, which authorizes only Congress to 'borrow money on the credit of the United States - and to coin money and regulate the value thereof,' irate Oregon citizens requested public hearings on the

Fed. Control of the American economy, and dominion over their lives and fortunes should be restored to the people where it rightfully belongs, they charge.

Congress had no sanction from the people to transfer these vast powers to a consortium of international bankers. The people, therefore, call upon their State government to release them from the Federal Reserve System which enriches its class 'A' stockholders and pauperizes the American taxpayer.

Oregon Senate Joint Memorial #12 urging Congress to repeal the Federal Reserve Act, initiated by Jane Button, Treasurer, Columbia County Chapter, Committee to Restore the Constitution, is an example of the burgeoning national campaign.

Spilling into hallways, an overflow crowd observed members of the Oregon Senate Committee on Commerce, Banking and Public Finance, Senator Joyce Cohen, Chairman, give attentive consideration to testimony supporting SJM #12. Twenty individuals requested time to speak on the measure, including Archibald Roberts, Director, Committee to Restore the Constitution, Colorado, and Senator Jack Metcalf, Washington State Legislature.

Following is a transcript from a live tape recording of Senator Metcalf's address, I June 1983, State Capitol Building, Salem, Oregon, urging State lawmakers to free their people from the grip of a debit money system.

State Representative Paul Hanneman, who, with Senator Charles Hanlon, sponsored Senate Joint Memorial #12, calling upon Congress to repeal the Federal Reserve Act, introduced the proposal.

REPRESENTATIVE HANNEMAN

Madame Chair and members of the committee, I am Paul Hanneman, House District Three, representing portions of Washington, Yamhill, Polk, Lincoln and Tillamook counties. Senator Hanlon and I did co-sponsor Senate Joint Memorial #12 at the request of a number of people who approached us. I am pleased today that so many people are here, I think essentially in support of the memorial and it did occur to us that the proposal had a great deal more support than I originally thought it did.

I am pleased to be a sponsor on it for your discussion and consideration for passage to the Senate floor. The following witnesses will indicate to you how many states have already passed a similar Memorial with, I think nearly or exactly identical language, to the one that we have here in Oregon.

For the record, I support Senate Joint Memorial #12. I will take no further time away, from especially those who have come from out of state, and the many people I see in the room who came several hours traveling distance. I appreciate the opportunity to say hello in support of this Memorial.

SENATOR METCALF

Members of the Oregon Senate it is a real pleasure and an honor to be here. I bring you greetings from the Washington State Senate. There was a delegation from the Oregon Legislature that came up to visit us during the session. I might say that we, just last Wednesday, adjourned sine die. Hopefully we will not be back in session in 1983.

Just one personal note, I have four daughters and the youngest, the number four daughter, graduated from Winfield College at McMinville, Oregon. We came down several times, of course, and I'm quite familiar in driving through Oregon. I was reminded as we drove down this morning what a beautiful, fertile land this is. Our ancestors had to come a long way west to get here. We in Washington and Oregon are so lucky to live in this specially favored corner of the nation.

Our country is a favored land. Look at what we have in America. We have a benevolent self-government, natural resources, investment capital, skilled labor, excellent transportation system. Theoretically with all this, there is no limit to the well being of our people. That's theoretically. Let us view the real world in recent years. We have raging double-digit inflation, or we did have, that robs the elderly, and it pauperizes the poor. It steals the sustenance of labor and locks small business into a vise on constant wage-price spiral. To curb inflation, this system prescribes high interest rates that have been up to over twenty percent. That can only be called usurious rates. The high interest rates destroy jobs. It bankrupts small business and farmers. It devastates the housing market. And you all know the effect on

real estate, which is dependent, of course, on housing. The counties in Washington State had, and still have, thirty to forty percent unemployment rates.

What is going wrong between what should be and what really is in America? Something is drastically wrong. Can we isolate the cancer that is gnawing at the vitals of this nation? Can we really find out what it is? And the answer is-yes we can. Small business people know. Labor knows in a deep instinctive way. A growing awareness pervades America. A condition that there is something wrong with our money. There is something drastically and tragically wrong with this money system. That somehow, someone has found a way to take terrible economic advantage of us by manipulation of our money system. Our system forces a trade-off between either raging inflation or high interest rates that bring high unemployment and business stagnation.

I was thirty years a teacher in Washington State and I always looked for-I was a history teacher for the last half of the time-I always looked for words of wisdom from the past and I would just like to bring to you what Benjamin Franklin said that relates directly to what we are talking about today, the Federal Reserve Money System and this Memorial which urges its abolition. Benjamin Franklin said, "The refusal of King George to operate on an honest, colonial money system which freed the ordinary man from the clutches of the manipulators was probably the prime cause of the Revolution." The same cancer that is gnawing at the vitals of America today is probably the prime cause of the Revolutionary War. How did we get where we are today? Well the answer is-special interest legislation. A special advantage was granted by government. It happened, it started, in Congress in 1913. Historically a special interest came to Congress in that year and got special interest legislation passed. Now we are all familiar in this setting with special interest. It is the job of the legislature to balance the various needs of the special interest against the very important best interests of the people. And that's our job. I am here to tell you that Congress failed in that job. We are talking about special interests when we are talking about the Federal Reserve. This is something that most people really don't realize. We are talking about a private special interest. The super big eastern money interest. Now, I'm a conservative Republican, and I feel more like a liberal Democrat when I talk about the evils of the super big eastern money interests. But it is still a fact and I think we should say it.

The Federal Reserve is not a government agency as such. It is a federally chartered, private banking consortium. We have put absolute control of the nation's money system in private hands in America today. "How You Pack It" is an advertisement from the San Francisco Federal Reserve Bank that says, "We are not a part of the government, we are the banks' bank." And if you look at it you'll see that. That's their statement. This private, this Federal Reserve, does not function in the best interests of the people. It was not really designed to. It, like many special interests that come to the legislature, had a special position in mind. Well, they made many promises in 1913. They said among them, the three critical ones. End the boom and bust cycle. The Federal Reserve System would end the boom and bust cycle. It would stabilize the currency and stabilize bank reserves, and would end farm foreclosures. Just look at those three. There was one week not too long ago when there were three thousand farm foreclosures in this nation-in one week. They certainly have failed in that count. The scandalous inflation rates and interest rates, to stabilize the currency, we have seen a total failure there.

The boom and bust cycle is worse than ever. We have back to back recessions now, even not counting the terrible recession in 1920 and the Great Depression of the 30's. Judged by the promises made, by any objective standard, or I like to say when weighed in the balance of history, the Federal Reserve System is at best a colossal failure. You might say, "Okay, Metcalf, that's generally, but specifically what's wrong?" There are three things wrong. One is Congressional overspending. I am not going to speak on that today; it's another subject. The second is the Fractional Reserve Banking System which is a part of the Federal Reserve System. And the third thing is the Federal Reserve System itself. And that's what I am going to dwell on today.

There has been a 200 year debate in America and here again the history teacher, I guess shows, as to who should issue this nation's money. What did the founders and the early presidents say on this issue? And I have got some quotes here, and this by the way is also in your packet, this list of quotations. James Madison, our fourth President, the man who was called the Father of the Constitution, he said, "History records that the

money changers have used every form of abuse, intrigue, deceit and violent means possible to maintain their control over governments by controlling the money and its issuance."

Thomas Jefferson didn't like the big banks. I really like his quote. Pretty strong language. He said, "I believe that banking institutions are more dangerous to our liberties than standing armies. The issuing power should be taken from the banks and restored to the government to whom it properly belongs."

If you remember, President Andrew Jackson vetoed the Bank Bill of 1836. They couldn't override the veto and it wiped out the Bank Bill in America. President Jackson said, "If Congress has the right to issue paper money it was given to them to be used by themselves and not to be delegated to individuals or corporations."

Abraham Lincoln said, "The government should create, issue and circulate all the money and currency needed."

In other words, the founders and early presidents said, "Don't let the banks issue the money." Well, why not? What's the difference? Well the difference is specifically, when the banks issue the nation's money, they charge us interest on it. The people and the businesses of America are paying interest on every Federal Reserve dollar in circulation-five hundred billions today-because the government doesn't issue the money. People say, "Wait a minute, what do you mean? The Government doesn't issue the money?" Look at the bills that we use. Take them out and look at them. They don't say United States Notes. They say Federal Reserve Note. Now I have here five different kinds of money, you can't see from a distance, but they look almost exactly the same, at least these three. This one is a Federal Reserve Note. This one is a silver certificate. This one is a United States Note. And I have also a coin. And all these are entirely different kinds of money. I happen to have a Susan B. Anthony Dollar. And the checkbook money that we have. Since checkbook money is denominated in Federal Reserve Notes, it is really the same kind of money as the Federal Reserve Note. But suffice it to say that today there are $125 billion in circulation in Federal Reserve Notes in America. If that $125 billion were in United States Notes or silver certificates, as an example, if that change were made, the national debt could be reduced $125 billion and the interest saved per year would be about $10 billion a year, by that simple change. Now $10 billion doesn't seem to mean too much when you're talking about deficits of $150 billion. But like the old saying goes, "A billion here, a billion there, pretty soon that adds up to real money." Actually in ten years that amount, just the difference in the currency would save $100 billion for this government and I think that is significant.

By the way, I made the statement we're paying interest, the people and businesses of America are paying interest to the banks on every Federal Reserve dollar in America. If you have questions I would be real happy to run through a very brief scenario and explain that and make it very clear how that operates. I don't have time for my two hour speech in ten or fifteen minutes. So what I am going to do to summarize is say that there is too much power placed in the hands of any special interests group. Even if this were just totally the United States Government, I would be uncomfortable with that much power placed in those hands. They would tend to look out for their own interests over the people's interest, and that is the proposition that I am submitting to you today. And that is one of the great problems that we have in America. People think that the business cycle, you know the boom and bust cycle, is a natural cycle. People sort of feel that, like the tide, it rises and falls, by natural laws. That isn't true at all. It is proven untrue by empirical evidence today. Very interesting. Congressman Lindburgh was a member of Congress in 1913 at the time of the passage of the Federal Reserve Act. He was a violent opponent of it. He was father of the aviator, and he, Congressman Lindburgh, said of the inflation or the recession-they called it panic then-the recession of 1920, "Under the Federal Reserve Act panics are now scientifically created. The present 1920 one is the first scientifically created one, worked out as we figure a mathematical problem." It's not a natural law at all.

We had a hearing of the National Conference of State Legislatures, I am sure you are aware of it, in Washington, D.C. in December, and I was asked to line up testimony on this issue, the Federal Reserve. Our report, by the way, is in your packet-the report from that National Conference of State Legislatures meeting-and I think it makes very interesting reading. Milton Friedman could not be there, he sent testimony. I don't know that this is in your packet, but I would be happy to send you

his total testimony. But, I want to read you just one quote from the first page. As you know, Milton Friedman has gone back and looked at the empirical evidence, has studied all the statistics, and here is what he says. "From 1929 to 1933 the Fed permitted or forced the quantity of money to decline by one-third, thereby converted a serious recession into a major depression. In the process forcing the failure or closing of some five thousand banks, one-third of the number in existence in 1929." In other words the business cycle did not happen by accident, it's caused.

Without going into a lot of detail, I'd like to just comment on an amendment to the Federal Reserve Act-The Monetary Control Act of 1980, passed in 1980. Many people are deeply concerned about the ramifications of that Act. Congressman Ron Paul was very much concerned about it and Congressman Paul did some homework after the passage of The Monetary Control Act of 1980 and he found that one of the things, the powers granted to the Fed that year, was the power to monetize foreign debt. That means to use the assets of America to buy up foreign debts. And, you might say, "Why? What is going on there?" Just a couple of quotes, if you will permit me to read, from Congressman Ron Paul's newsletter. He said,

> In 1980, radical changes were made in the Federal Reserve Act, the Monetary Control Act of 1980, allowing a massive increase in the power of the Federal Reserve System. Among those powers is the authority of the Fed to use the debt of foreign nations as collateral for the printing of Federal Reserve notes. That's what is happening in America. This is of the greatest significance in light of the $850 billion debt owed to the West by Third World and Communist nations. To begin with the foreign bonds of the Fed purchases are bought with paper money backed with our own debt. Then we turn around and use the newly purchased foreign bonds as collateral to print up more Federal Reserve notes. This is responsible for the dramatic increase in the money supply recently. This system of money creation is unbelievable to rational human beings. It will surely lead to a disastrous end to the American dollar.

Congressman Paul published a letter in June of 1982 wherein he delineated $3.3 billion of foreign debt that had been monetized up until that time. After he published the letter, six months or so later, I had a telephone conversation with him and I said, "Congressman we really need you to update that letter. Tell us what further foreign monetizations have taken place." He told me something that was unbelievable, he said, "I am a member of the House Banking and Currency Committee and the Fed will not answer my questions." This went on for months and months. He couldn't get the information as to how the Fed was using the American money system and, essentially, saddling the American taxpayers with foreign debts. He has gotten the information now and now it is up to about $9 billion.

Just one further quote from Congressman Paul's newsletter.

> Mexico owes $81 billion and Argentina $39 billion. This is only a small fraction of the total debt owed to Western governments and Western banks. Eastern block communist nations and Third World nations owe over $850 billion and reasonable people do not expect that this sum will ever be repaid. The race now going on is to finance all this debt to governments, principally the United States, and bail out the international banking system.

This, then, seems to be one of the purposes of the Monetary Control Act of 1980, an extension of Federal Reserve power. He says, "The default which many pretend can be avoided is inevitable. The only question that remains is who the victim will be. The question is, shall it be the bankers or the innocent uninformed American citizens?"

This thing has gotten, by now, completely out of hand. We in Washington State, cognizant of this, and being devastated by the problems in the lumber industry, passed in 1982, Senate Concurrent Resolution 127, that called upon our Attorney General to go to Washington D.C. and file an action challenging the constitutionality of the delegation of the power to create and issue money; delegation to the Fed of the power to create and issue money. Now, our attorney of this past legislature is very concerned about this. The Attorney General declined. And in a way, I can understand. "You know," he said, "Jack, look, this is a pretty heavy issue. How does it appear to you for a small state to go back to the United States Supreme Court and challenge the money system

of the whole western world?" And I agree that that is pretty heavy.

Any other state that has passed legislation such as you're considering today, or a measure like SCR 127, would be very helpful, because I believe the Congress is at the present time unable to act on this issue. Now, it may be necessary for the states to provide the impetus for success in that area.

One question that always comes up. You say, "Well what system would you use to replace it? Given their record would you just place all the power in the hands of the Congress to print money?" Congress doesn't print the money at the present time. The answer is, I wouldn't urge a Constitutional amendment to protect the interests of the citizens. But I would say there are two things absolutely essential, just to answer the question relative to what system should we have. Honest money consists of two things: 1. Money issued by the government upon which is not an evidence of debt and upon which interest is not charged. 2. A stable money supply. Those two things are absolutely essential to an honest money system.

There are many alternative systems that would fit this and they all have advantages and disadvantages. And I'll just run through them very briefly. You could have a gold standard currency. You could have a silver standard currency. You could have a bi-metal system. In this country silver and gold circulated at a 16-1 ratio for many many years. Sixteen ounces of silver was equal, by law, to one ounce of gold. You could have, instead of a standard system, you could have convertability, convert to metal. There is a state senator in Kansas who advocates a private money system. Some people say we could have a system based entirely upon U.S. notes with a Constitutional amendment to limit the expanding of the money supply. You could base a money system on commodities; grain, oil or whatever. You could base a money system on land value. It could be done. There are advocates of all these systems today.

Actually there are advantages and disadvantages to each of these, but the time is now come to remove this special interest and get a system that best serves the interest of the people. The bottom line is, of course-I am asking, and I hope that many other people are asking-that you pass this Memorial. You can say that it is only a Memorial. It is a Christmas card to Congress. It doesn't matter much. Well it does matter a great deal, because they are taking notice. This feeling is growing. I hope we can create an atmosphere where the money system will be an issue of national debate and in many congressional elections all around this coutry, because in the final analysis it will take an action by Congress to solve this problem. So, I would say to you that the State of Oregon and the Oregon Legislature can play a crucial role in this vital issue of today.

1 would like to close with a quote from a man I consider the greatest American President, Thomas Jefferson. He had the ability to look at what we are doing today and to look ahead and to say well if you do this today, this will follow, and this will follow and from this, this will follow, and this will be the end result. Listen to what Thomas Jefferson said about a system allowing the banks to issue the nation's money. He said:

> If the American people ever allow private banks to control the issue of their currency, first by inflation and then by deflation, the banks and the corporations that will grow up around them, will deprive the people of all property until their children wake up homeless on the continent their fathers conquered.

Thank you very much. I would be happy to answer any questions.

Madame Chair: Are you considering, we read also about the Washington State Pension System, buying part of the Bank of Seattle?

SENATOR METCALF: We have talked about that. We did not authorize it. Frankly, there are some reasons why that should be considered an option. I would frankly much rather have, not have out of state banking able to move into Washington State as we authorized under the law we passed. I voted against it and I would prefer that, but that is pretty hard to say exactly how that will happen.

I would like to just throw in one thing that 1 forgot. This is a bi-partisan effort. The SCR 127 we passed in Washington State as well as a Memorial, same as the one you are considering today, was sponsored by six Democrat Senators and six Republican Senators and is a bi-partisan effort in our state.

Madame Chair: Are there questions?

Senator McCoy: You mentioned in your remarks that, something to the effect that the Federal Reserve System was more or less the catalyst for the high usury rates. You mentioned usury several times in your remarks. Do you believe that is the cause?

SENATOR METCALF: Yes it is.

Senator McCoy: Okay, go ahead.

SENATOR METCALF: The Federal Reserve does not now, though they should have the power to set interest rates. But they control interest rates by money supply, by the expansion or contraction of the currency. So they do, definitely control interest rates.

Senator Frye: To what extent does the state have a responsibility of doing something about those interest rates that are passed on?

SENATOR METCALF: We have a usury law in our state and I am not sure if you do in Oregon.

Senator Frye: Well, we were unwise enough, to just say, "Come take it all."

Senator Frye: In reference to the Monetary Control Act of 1980, do you know whether there has been any effort made by President Reagan to have that law repealed?

SENATOR METCALF: I have not been aware of any statements he has made to have that law repealed. I think there should be. I think this is one of the most dangerous things that was ever done by Congress.

Senator Frye: Well then I would assume that you and he probably share basically the same philosophy. That's why I thought you might know if he had made any effort to repeal that law.

SENATOR METCALF: I am not aware of any effort. I certainly think that he should have made that effort.

Senator Frye: Would you happen to know whether he has taken a position on the issue that is now before us?

SENATOR METCALF: He has not to my knowledge. I believe there is is no issue in America that the President should be more on top of and following. As a conservative Republican, I support Reagan, and I am not being particularly critical because he has a lot of problems. But there is no problem, other than maybe nuclear war, that outweighs this problem for the American people.

STATE OF OREGON

MEMORIAL TO REPEAL FEDERAL RESERVE ACT

62nd OREGON LEGISLATIVE ASSEMBLY
1983 REGULAR SESSION

SENATE JOINT MEMORIAL 12

Sponsored by Senator HANLON, Representative HANNEMAN (at the request of Jane L. Button and Kenneth Schmidt)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Memorializes Senate and House of Representatives of United States to repeal Federal Reserve Act.

JOINT MEMORIAL

To the Senate and House of Representatives of the United States of America, in Congress assembled:

We, your memorialists, the Sixty-second Legislative Assembly of the State of Oregon, in legislative session assembled, respectfully represent as follows:

WHEREAS Article I, section 8, Constitution of the United States, provides that only the Congress of the United States shall have the power "to borrow Money on the credit of the United States;" and

WHEREAS Article I, section 8, Constitution of the United States, directs that only the Congress of the United States is permitted "to coin Money and regulate the Value thereof;" and

WHEREAS the Federal Reserve Act of 1913 transferred the power to borrow money on the credit of the United States to a consortium of private bankers in violation of the prohibitions of Article I, section 8, Constitution of the United States;" and

WHEREAS the Congress of the United States is without authority to delegate any powers which it has received under the Constitution of the United States established by the People of the United States; and

WHEREAS Article I, section 1, Constitution of the United States, provides that "all legislative Powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives;" and

WHEREAS the Federal Reserve Act of 1913 was imposed upon the People of the State of Oregon in violation of the provisions of Article I, section 1, Constitution of the United States; and

WHEREAS the Federal Reserve Banking System, has threatened the integrity of our government through the arbitrary and capricious control and management of the nation's money supply; and

WHEREAS the United States is facing, in the current decade, an economic debacle of massive proportions due in large measure to a continued erosion of our national currency and the resultant high interest rates caused by the policies of the Federal Reserve Board; now, therefore,

BE IT RESOLVED BY THE LEGISLATIVE ASSEMBLY OF THE STATE OF OREGON:

(1) The Congress of the United States is memorialized to enact legislation immediately as is necessary to repeal the Federal Reserve Act.

(2) Copies of this memorial shall be sent to the President of the United States Senate, the Speaker of the House of Representatives and each member of the Oregon Congressional Delegation.

REPORT

STATES CHALLENGING CONSTITUTIONALITY OF THE FEDERAL RESERVE ACT OF 1913

Washington State Senate — Jack Metcalf
March 15, 1983 — 10th District

STATES THAT HAVE TAKEN ACTION ON THE FEDERAL RESERVE

1982: Alabama and Arizona passed memorials calling for abolishing the Fed.

North Carolina passed a memorial asking for a shift in the Fed's policy on credit.

Washington passed a Senate Concurrent Resolution calling for a suit in U.S. Supreme Court challenging the constitutionality of the delegation of the power to create money to the Fed and calling for an audit.

Indiana and Nebraska introduced resolutions calling for abolishing the Fed.

1983: Nebraska re-introduced memorial. It failed, but they will try again.

Indiana introduced memorials calling for abolishing the Fed and also calling for an audit. They have passed the House. (Adopted 103d session, 1983)

Virginia's resolution calling for an audit passed the Assembly without a single dissenting vote.

Idaho passed a memorial calling for abolishing the Fed.

Arkansas has introduced a memorial calling for abolishing the Fed; it is in committee.

Oregon has introduced a memorial calling for abolishing the Fed; it is in committee.

Utah's Senate has a memorial with 22 sponsors (out of a 29 member Senate)

Washington's memorial calling for abolishing the Fed has passed a Senate Committee and will be heard on the floor this week. Quick action is expected in the House.

Work is also under way in Montana, Wyoming, Texas, Pennsylvania, South Dakota, Nevada and California. Also Iowa, Florida, Louisiana and Mississippi.

Two other major efforts are being mounted out of California. One is a suit to be filed in District Court in Washington, D.C. challenging the Fed; another an effort to put an initiative on the Fed on the 1984 ballot.

3273 E. Saratoga Road, Langley, WA 98260
(206) 321-5483

Institutions Bldg., Olympia, WA 98504
(206)753-7618

STATE OF INDIANA

MEMORIAL TO REPEAL FEDERAL RESERVE ACT

INDIANA GENERAL ASSEMBLY

Offered by Representatives: LEE CLINGAN, DEAN R. MOCK, DONALD E. HUME, RICHARD W. MANGUS

HOUSE RESOLUTION NO. 7

URGING CONGRESS TO REPEAL THE FEDERAL RESERVE ACT

WHEREAS, Article 1, section 8 of the Constitution of the United States, provides that only the Congress of the United States shall have the power "to borrow money on the credit of the United States" and

WHEREAS, The Federal Reserve Act of December 23, 1913 (Act of December 23, 1913; 38 Stat. 251; 12 U.S.C. 221 et seq.) transferred the power to borrow money on the credit of the United States to a consortium of private bankers in violation of the prohibitions of Article 1, section 8, of the Constitution of the United States; and

WHEREAS, The Congress of the United States is without authority to delegate any powers which it has received under the Constitution of the United States established by the people of the United States; and

WHEREAS, Article 1, section 1, of the Constitution of the United States, provides that "all legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives;" and

WHEREAS, The Federal Reserve Act of December 23, 1913 was imposed upon the people of the State of Indiana in violation of the provisions of Article 1, section 1, of the Constitution of the United States; and

WHEREAS, Members of the Federal Reserve System, a consortium of private bankers, have threatened the very integrity of our national government through their arbitrary and capricious control management of the nation's money supply; and

WHEREAS, The United States is facing, in the current decade, an economic debacle of massive proportions due in large measure to a continued erosion of our national currency and the resultant high interest rates caused by the policies of the Federal Reserve Board; and

WHEREAS, A consortium of private bankers which is not subject to any official periodic review or oversight by Congress has unconstitutionally controlled the economy of the United States through the Federal Reserve Act since 1913; and

WHEREAS, This nation faces an immediate economic crisis. It is extremely urgent that the Congress of the United States act before it is too late by repealing the Federal Reserve Act and restoring the economy of this nation to a sound basis through withdrawal of all "fiat money" now in circulation—the so-called Federal Reserve Notes—and return to the gold standard; Therefore,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE GENERAL ASSEMBLY OF THE STATE OF INDIANA:

SECTION 1. That the Indiana House of Representatives urges the Congress of the United States to enact immediately such legislation as is necessary to repeal the Federal Reserve Act and restore the gold standard.

SECTION 2. That the President of the United States immediately sign the necessary enabling legislation once it reaches his desk.

SECTION 3. That the Principal Clerk of the House of Representatives transmit copies of this resolution to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives of the United States, and to each member of the United States Senate, and to each member of the House of Representatives.

J. ROBERTS DAILEY SHARON THUMA
Speaker of the House Principal Clerk
(seal)

Adopted by the Indiana General Assembly, 103rd Session, 1983

STATE OF ALABAMA

Reps. Willis, Boles H.J.R. 90

MEMORIALIZING CONGRESS TO REPEAL THE FEDERAL RESERVE ACT

ENROLLED, HOUSE JOINT RESOLUTION

WHEREAS, The state of Alabama has a duty to support and defend the Constitution of the United States against all enemies, foreign and domestic; and

WHEREAS, The Constitution vests in the Congess of the United States supreme power "to coin money, regulate the value thereof and of foreign coin, and fix the standard of weights and measures;" and

WHEREAS, The Congress passed the Federal Reserve Act in 1913 ". . . to furnish an elastic currency," and thereby abdicated its duty to the American people to fix a constant lawful value for United States money and thus insure prosperity for honest, law-abiding, productive citizens; and

WHEREAS, The national debt in 1913 was less than TWO BILLION DOLLARS for the entire Nation, while the national debt in 1981 approximates ONE TRILLION DOLLARS; and

WHEREAS, The people of Alabama are suffering the disastrous effects of bankruptcy, unemployment, and privation, when they are ready, willing and able to work for an honest living, but many find themselves unable to do so, for lack of available jobs or capital; and

WHEREAS, The direct effect of the dictatorial control of interest rates exercised by the Board of Governors of the Federal Reserve System has been steeply accelerating and inflationary interest charges, with the consequent and predictable destruction of business, agriculture and industry in Alabama and the Nation; and

WHEREAS, The Federal Reserve Act, Section 19, specifically precludes the State of Alabama from effectively legislating or enacting any lawful ceiling on the extortionate interest rates or usury demanded of our people by the Federal Reserve bankers, thereby immunizing the banks and bankers from any threat of civil or criminal penalty on account of their extortionate monetary demands; and

WHEREAS, The direct effect of the Federal Reserve Act, as amended, is to lay an interest charge upon every single dollar of paper currency which circulates in our State and Nation as a Federal Reserve Note, and it thereby lays an invisible burden on uncontrolled and uncontrollable debt and taxes upon the backs of our people; and

WHEREAS, The United States Government owns no stock in the Federal Reserve System, and the Federal Reserve is not a government agency, and is, in fact, an oppressive and extortionate, privately owned economic monopoly, entirely independent of any real government control, except by means of direct legislative action and intervention by the Congress, which established the Federal Reserve in the first place; and

WHEREAS, Section 30 of the Federal Reserve Act provides the "The right to amend, alter or repeal this Act is expressly reserved," and

WHEREAS, The Honorable Henry Gonzales, United States Congressman from the State of Texas has introduced a Bill, H.R. 4358, in the United States Congress, expressly providing for the immediate repeal of the Federal Reserve Act; now therefore,

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALABAMA, BOTH HOUSES THEREOF CONCURRING, That this body hereby memorializes the Congress of the United States, and especially Alabama's Congressional Delegation, both Senate and House of Representatives, for the immediate passage of this important legislation, H.R. 4358, to the end that peace and prosperity, and the blessings of a Sovereign God may be the lot of our people.

RESOLVED FURTHER, That a copy of the resolution be sent to each member of the Alabama Congressional Delegation and to each presiding officer of the United States Congress.

Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within House Joint Resolution originated in and was adopted by the House February 9, 1982.

John W. Pemberton
Clerk

Senate Feb. 25, 1982 Adopted

STATE OF TEXAS

HOUSE OF REPRESENTATIVES

RESOLUTION TO REPEAL THE FEDERAL RESERVE ACT AND RESTORE THE GOLD STANDARD.

B y _ _ _ _ _ _ H.C.R. No. _____
(Submitted for consideration)

HOUSE CONCURRENT RESOLUTION

WHEREAS, Article I, section 8, of the United States Constitution reserves to the United States Congress the power "To borrow Money on the credit of the United States;" and

WHEREAS, The Federal Reserve Act of 1913 transferred this power to an independent consortium of private, regional bankers, this transferral being free of any form of legislative review or oversight, constituting a clear violation of Article I provisions; and

WHEREAS, Article 1, section 8, of the United States Constitution reserves to the United States Congress the power "To coin Money, regulate the Value thereof, and of foreign Coin;" and

WHEREAS, The United States has abandoned the gold standard, has ceased redeeming currency in coin, and has floated the value of the dollar; and the Federal Reserve System now issues fiat money in the form of unbacked Federal Reserve notes, this issuance and related monetary control constituting a second major violation of Article I provisions; and

WHEREAS, Article I, section 1, of the United States Constitution provides that "All legislative Powers herein granted shall be vested in a Congress of the United States;" and

WHEREAS, The Congress is without authority to unconditionally delegate its powers, yet has done so by relinquishing them to the Federal Reserve System, this relinquishment constituting a third major violation of Article I provisions; and

WHEREAS, Members of the Federal Reserve System have threatened the very integrity of our national government through their arbitrary and capricious management of the nation's money supply; and

WHEREAS, The United States faces an economic debacle of massive proportions, due in large measure to a continued erosion of our national currency and the resultant high interest rates caused by the policies of the Federal Reserve Board; and

WHEREAS, This crisis makes it imperative that the United States Congress act immediately to repeal the Federal Reserve Act that has been imposed unconstitutionally on the people of this state and nation and to restore a sound economy via a withdrawal of all Federal Reserve notes and a return to the gold standard; now, therefore, be it

RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE STATE OF TEXAS, THE SENATE CONCURRING, That the 68th Legislature hereby request the United States Congress to repeal the Federal Reserve Act and to restore the gold standard; and, be it further

RESOLVED, That the Texas Secretary of State forward official copies of this resolution to the President of the United States, to the Speaker of the House of Representatives and President of the Senate of the United States Congress, and to all members of the Texas delegation to the Congress, with the request that it be officially entered in the Congressional Record as a memorial to the Congress of the United States of America.

68R6239 CCK-D

ACTION IN CONGRESS

97th CONGRESS 1st SESSION

H.R. 4358

To repeal the Federal Reserve Act and transfer the functions formerly carried out under the Act to the Department of the Treasury.

IN THE HOUSE OF REPRESENTATIVES

July 31, 1981

Mr. Gonzalez introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

A BILL

To repeal the Federal Reserve Act and transfer the functions formerly carried out under the Act to the Department of the Treasury.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act shall be known as the "Monetary Policy Reorganization Act."

REPEAL OF FEDERAL RESERVE ACT

SEC. 2 The Federal Reserve Act is hereby repealed.

TRANSFER OF FUNCTIONS

SEC. 3. Such functions as were carried out under the Federal Reserve Act on the date of the enactment of this Act are hereby transferred to the Department of the Treasury.

DEPUTY SECRETARY
FOR MONETARY AFFAIRS

SEC. 4. There shall be in the Department of the Treasury a Deputy Secretary for Monetary Affairs, who shall be responsible for administering the functions transferred to the Department under section 3 of this Act. The Deputy Secretary for Monetary Affairs shall be appointed by the President, by and with the advice and consent of the Senate.

DISPOSAL OF ASSETS

SEC. 5. Within one hundred and eighty days alter the date of the enactment of this Act, the Deputy Secretary for Monetary Affairs shall dispose of all the assets formerly under the custody and control of the Federal Reserve System, except such assets as are necessary to continue essential functions relating to check clearing or other services provided directly to financial institutions in the United States, or such other assets as the Deputy Secretary for Monetary Affairs shall by rule determine to be essential to the carrying out of effective monetary policy for the United States. The proceeds from the sale of such assets shall be paid into the Treasury as miscellaneous receipts.

ADVISORY COUNCIL

SEC. 6. There is hereby created a Monetary Policy Advisory Council, which shall consist of six members appointed by the President, by and with the advice and consent of the Senate. The Council shall provide advice to the Deputy Secretary for Monetary Affairs relating to all aspects of monetary policy, including those functions carried out by the Federal Open Market Committee prior to the date of the enactment of this Act.

98th CONGRESS 1st SESSION

H.R. 875

To repeal the Federal Reserve Act.

IN THE HOUSE OF REPRESENTATIVES

January 25, 1983

Mr. Paul introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

A BILL

To repeal the Federal Reserve Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That, one year after the date of the enactment of this Act, the Federal Reserve Act (12 U.S.C. 221 et seq.) is hereby repealed. The Board of Governors of the Federal Reserve System shall take such actions as are necessary to dispose of all assets of the Federal Reserve System, and to achieve an orderly termination of the affairs of the Federal Reserve System, prior to the effective date for the repeal of the Federal Reserve Act.

SIX

"Some people think that the Federal Reserve Banks are United States Government institutions. They are not Government institutions. They are private monopolies which prey upon the people of these United States for the benefit of themselves and their foreign customers."

CONGRESSMAN LOUIS T McFADDEN

NCSL BEGINS INVESTIGATION OF FED

NATIONAL CONFERENCE OF STATE LEGISLATURES QUESTION U.S. ECONOMIC POLICY

In a major policy move at the August, 1983 Quarterly meeting of the National Conference of State Legislatures (NCSL) the Government Operations Committee voted to study the national monetary system.

Washington State Senator Jack Metcalf, NCSL Government Operations Committee, authored and submitted the resolution, which passed by an overwhelming majority.*

Metcalf commented, "By adopting this resolution, we (legislators) are saying that the Federal Reserve is a colossal failure. Uncontrolled inflation and usurious interest rates are a result of the monetary policies of the Fed. The government pays interest on all Federal Reserve dollars in circulation - practically every piece of paper money now in use. With the federal deficit well over a trillion dollars - and mounting daily - we will continue to pay interest on this debt forever, unless action is taken now."

---

*Senator Jack Metcalf, Washington State Legislature, Institutions Building, Olympia, Washington 98504 (206) 753-7618

Metcalf was directed by the committee to provide information leading to a one-year study on state actions that will help protect citizens from the effects of the current policies of the Federal Reserve System. The final report of the year long study will have considerable influence on the various state legislatures and will undoubtedly result in further pressure on Congress to act. It may also result in more direct actions by the states to protect themselves and their citizens.

"Many state legislatures, including Washington's, have passed resolutions demanding Congress do something about the Fed. Individually, each state has limited impact on Congress. United, we have a vast opportunity to impact Congressional actions," Metcalf said.

"Many of our Congressional representatives consider the national debt and the huge powers of the Federal Reserve System as issues they can put on the back burner. But, state elected officials have more opportunity to talk with people. We know that citizens are demanding action now to avoid impending economic disaster," Metcalf concluded.

Text of the resolution is as follows:

WHEREAS, a Government Operations Committee hearing at the December, 1982 meeting in Washington, D.C. produced evidence that our nation's money system is not properly serving the people of this nation, and

WHEREAS, the impact on our states of inflation, recession, high interest and high unemployment has made proper planning impossible and has severely damaged fiscal responsibility in many states, and

WHEREAS, the Congress has been unwilling or unable to deal with any meaningful monetary reform.

NOW, THEREFORE, BE IT RESOLVED that the Government Operations Committee, either directly or through a sub-committee, study the national monetary system to determine and recommend actions that may be taken by states to protect state governments and our citizens from the ravages of the present malfunctioning money system.

When promoting passage of the Federal Reserve Act of 1913, its sponsors and those working to see it passed made ten promises. They were:

1. To operate entirely under the direction and control of the President and his appointees to the Board of Governors.
2. Pay interest to the government for the privilege of printing Federal Reserve notes as the nation's currency.
3. Perform many banking services for the government free of charge.
4. They would manage the nation's money supply in such a manner that it would stabilize the dollar which, in turn, would keep prices relatively stable.
5. The Act would take the U.S. out from under control of Wall Street.
6. The Federal Reserve would prevent future depressions and eliminate the "boom and bust" cycles.
7. The Fed would be friend and helper to the farmer and to the monetary needs of small businesses.
8. The new system would remain forever decentralized so each Federal Reserve Bank would have as much influence in monetary policies as the one in New York.
9. The Fed would protect American interests against foreign monetary assaults.
10. The Federal Reserve System would supervise and inspect local banks, provide funds where they were pressed by unexpected demands.

History has shown the Fed has been unable to keep any of these promises. History also records that many of the major promoters of the Act later said it was their greatest mistake. Many tried, without success, to repeal the Act.

Senator Metcalf urged fellow state legislators to join in a suit before the United States Supreme Court challenging the constitutionality of the Federal Reserve System (Letter, 24 January 1983):

State legislators are today on the cutting edge of the economic battle. Caught between plummeting state revenues and sharply reduced federal dollars, nearly every state faces a budget crisis.

The major culprits in the economic battle have been years of lavish Congressional overspending and Federal Reserve policies that have both added to the monstrous national debt and also delayed - possibly too long - effective economic recovery. State Legislators have felt defeated; unable to reach or cope with the problem.

But, there is something we can - and must - do. Though we do not have the votes in Congress or on the Federal Reserve Board, sufficient pressure brought from enough state legislatures has historically produced results.

In 1982, the Washington State Legislature decided to act and passed Senate Concurrent Resolution 127 which called for a constitutional challenge of the Federal Reserve Act of 1913 and its subsequent amendments.

Armed with SCR 127, Washington State delegates to the July, 1982 National Conference of State Legislatures Meeting requested and were granted a hearing before the Government Operations Committee of NCSL. At the Winter Meeting in Washington, D.C. last December, nine experts presented testimony on the Fed and the nation's money system in general. The major

conclusions drawn from the hearing are of enormous significance to both the state legislatures and the federal government. In brief:

1. Judged by the promises at the time the act was passed (including a stable currency and elimination of boom and bust cycles in the economy), the Fed has to be rated, at best, a colossal failure.

2. The Federal Reserve action of curtailing the nation's money supply by a third in 1929 converted a serious recession into a disastrous depression, destroying 1/3 of the nation's banks
in the process; a similar Fed policy in effect in 1981/82 was changed only last October.

3. Judged on the basis of the Constitution and by the intent of its authors, the Federal Reserve Act and amendments are clearly unconstitutional.

4. The present system requiring the people and businesses of America to pay interest to the banks on every Federal Reserve dollar in circulation (total annual interest approximately $50 billion) is a devastating and needless burden, adding to bankruptcies in a recession and severely hampering recovery. An Honest Money System (debt-free money) is absolutely essential to the economic well-being of the people all across America.

5. An unstable national money supply is a debilitating handicap at best and at worst not only causes, but worsens, the "boom or bust" business cycle so destructive of the people's best interests.

A sixth point, covered in written testimony, was that the people of America now suffer from a needless recession (depression?) brought on by high interest rates artificially created by Federal Reserve actions.

The implications for state legislators are immense. We must determine what we can do to protect our states and our people from the ravages of a fatally flawed national money system. Another hearing is planned at next summer's NCSL meeting, but we cannot afford to wait. Action must begin now.

The immediate and most helpful action any state legislature can take now is to join Washington State in passing a measure similar to SCR 127. With even 2 or 3 more states joining us, a suit may be brought in the original jurisdiction of the U.S. Supreme Court challenging the constitutionality of the present system.

I urge you to introduce and pass such a measure in your current legislative session. My office is prepared to give as much help as possible. We have materials available, can supply sources of further information and I may be able to come to testify or provide other experts to do so. I would appreciate hearing of any action taken in your state and being kept informed of any progress.

There is no doubt that the most important political issue in the last two decades of the 20th Century will be the Federal Reserve System vs. an honest money system for America. Our actions at this very critical time may well determine the economic position of this nation and its people for centuries to come.

UNITED STATES ECONOMIC POLICIES AND THE FEDERAL RESERVE SYSTEM*

The economic disaster that may be just around the corner for the U.S. and for the world is now openly discussed and written about. Economists who warn of collapse are no longer considered "doomsayers." While many factors brought us to this point, there are three major contributors: U.S. banking practices with regard to economically distressed countries, decades of U.S. government overspending and the failure of the Federal Reserve System to achieve the goals for which it was created.

The evidence is grim. In August, 1982, auto sales were 35% below the already low sales of a year ago. Housing starts are at the lowest levels in 35 years. Farmers are losing money, even with record crops. In July, 1982, our factories and mines were operating at 69.5% of capacity. Pulp sales are radically depressed. Weyerhauser Timber company has no capital investments planned

*Remarks prepared by Senator Metcalf for presentation at the Washington, D.C. hearing on federal monetary practices, National Conference of State Legislatures, 10 December 1982.

beyond this quarter. Banks all over the country are merging in an attempt to strengthen failing financial positions; 27 banks had failed up to early September. According to Dunn & Bradstreet, 572 companies bankrupted during the week of August 9th, the highest failure rate since 1932, the deepest year of the Great Depression. Yet, until August, the Federal Reserve System kept interest rates at record highs!

Though President Reagan took dead aim at two of the biggest roadblocks halting economic recovery - runaway federal spending and federal income tax rates - the powerful restorative effects of these historic policy shifts have been delayed for one reason; the Federal Reserve's refusal to loosen its stranglehold on the nation's money supply.

The Federal Reserve System ("Fed") possesses what amounts to life-or-death power over presidential and congressional economic programs. If you asked most Americans what the Fed is and what it does, they'd probably reply that the Fed is just another branch of government. It's not! As the Federal Reserve Bank of San Francisco points out in it's own job advertisement in the magazine Computer World, "Some people still think we're a branch of government. We're not. We're the bank's Bank."

The Fed is a federally chartered, private banking consortium. It is empowered to act with absolutely no control by any elected person or body. Though the President appoints the Board members and they are confirmed by the Senate, they represent the banking community and, once in office, are completely beyond the reach of the public whose lives and businesses are deeply affected by their decisions. Neither their meetings nor the minutes of their meetings are open to the public. There has never been an independent audit of the Fed, thus, no one knows who owns how much stock in it, other than the required stock purchased by member banks under a formula set by the Federal Reserve Act of 1913. The U.S. government owns absolutely no stock in the Fed,

What further proof do we need that the Fed is not an agency of the government than to understand that when the government needs more money, the Fed does not merely create and print it as it would do were it a government agency. No, the Fed creates it as a loan and charges the government interest on it.

It is this private banking system - not the President or the Congress - that controls the nation's money supply and is the major factor controlling interest rates and the economic climate in the United States.

The Federal Reserve System is headed by a seven member Board of Governors, each member appointed by the President and confirmed by the Senate for a 14 year term. The Board is vested with oversight of the nation's money supply and banking system. The Board of Governors, the president of the Federal Reserve Bank in New York and four other Reserve Bank presidents chosen in rotation make up the Federal Open Market Committee (FOMC), who decide whether or not to buy and sell government securities on the open market. It is important to recognize the freedom with which the Board and the FOMC can operate. Once the Senate approves the members of the Board, they are free to do whatever they feel is necessary with no constitutional checks and balances, regardless of the wishes of the President, Congress or the public.

Beneath these two entities, the system consists of 12 Federal Reserve Banks, located in 12 districts. In addition, there are 25 branch banks and numerous member banks. All Federal banks are required to be members. Commercial banks may choose, and 4 of every 10 commercial banks are members of the System; but these banks control 70% of the nation's bank deposits. To belong to the system, member banks agree to deposit a reserve with the Fed.

This network allows the Fed to keep a close watch on the operations of our nation's banking system. But, their most powerful tool is the power, delegated to them by the Federal Reserve Act of 1913, to expand and contract the nation's money supply.

How can the Federal Reserve System create money? By simply touching a computer; literally creating money out of thin air. It is a complex process, but following are two accurate, but simplified, explanations.

At current budget levels, the government spends in excess of receipts by more than $ 1 billion each week. This deficit is raised through a process called "monetizing the debt." The government prints a billion dollars worth of interest-bearing U.S. Government bonds and takes them to the

Federal Reserve. The Fed accepts the bonds and enters $1 billion of credit on their computer, allowing the government to write $1 billion in checks.

Three points are crucial: (1) Where was the $1 billion just before the Fed touched the computer? It didn't exist! By monetizing the debit, the Fed created money to buy the bonds. (2) What did the Fed give for the bonds? Nothing! They received $1 billion in interest bearing bonds without exchanging anything for them. (3) The Fed considers this a loan and will charge interest to the Federal government forever! Therefore, the banking system of this country is paid interest on every paper dollar in circulation.

This same thing occurs when the Fed decides to increase the money supply by selling government securities. This is the province of the Federal Open Market Committee. Once the FOMC decides the money supply should expand, they instruct the open-market desk at the Federal Reserve Bank of New York to buy a certain amount of treasury bills from a securities dealer, paying with a check. The "money" to honor this check is automatically created out of thin air, as earlier mentioned. For this example, securities purchased will be worth $100 million. The dealer deposits the Fed's check in his bank, which we'll call Bank A, increasing his account and the nation's money supply by $100 million. Bank A, a member of the Federal Reserve System, must set aside part of the money into a reserve, possibly 15%. Once Bank A puts $15 million in reserve, they are free to do whatever they want with the remaining $85 million.

The chain reaction continues when Bank A lends $85 million to XYZ Company. When XYZ's bank account increases by $85 million, the nation's money supply also increases by $85 million. B.I.G. Steel deposits the check into Bank B. Once Bank B puts their 15% into reserve, they have $72 million more to put back into circulation.

The process continues and the money supply keeps expanding. By the time the sum of reserves set aside by all the banks involved in this particular chain of transactions reaches $100 million, the net effect on the money supply is staggering. The original $100 million placed into circulation by the Fed has actually expanded the money supply by over $600 million. Just like in the previous example, the money exists only on computerized credit and debit sheets.

One technique is to buy back government securities on the open market. The Fed can also change the reserve ratio and the discount rate to influence the activity of member banks. There is vast potential for abuse by insiders who, thus, have advance information regarding major shifts in the economic climate. This obviously could be manipulated into huge profits.

It is the use of these restrictive tools that is exacerbating our present economic crisis. When the Fed contracts the money supply, the government must monetize the debt by borrowing money from the banking system at prevailing rates. This drastically reduces the amount of credit available to businesses and private borrowers. Also, by raising Reserve requirements (or increasing the discount rate) the Fed can decrease the amount of money member banks have to loan. Whether the cause is the Federal Government driving private borrowers out of the credit market, or the Fed restricting lenders, the net result is the same: less money in circulation means higher interest rates and fewer loans, which means decreased business activity and delayed economic recovery.

The Federal Reserve controls the nation's money supply as well as the rate at which it circulates through the economy. Most people do not understand the Fed's power, believing interest rates are the key factor controlling the money supply. However, interest rates are the symptoms, not the source, of our economic malaise. Banks take many factors into account when they set interest rates - a borrowers credit rating, the risk to the bank, and the current rate of inflation. The real key is the size of the money supply, and the rate at which it circulates. With tight money and the Federal Government borrowing on the open market, banks aren't eager to make loans. When member banks are forced to pay a higher discount rate to borrow from the Fed, the added cost is passed on to the borrower as higher interest rates.

The high interest rates that have fueled a worldwide recession and blocked attempts to stimulate economic recovery in the U.S. are the direct result of the Federal Reserve System's decision to enact policies limiting the amount of money in circulation and the rate at which it can be circulated.

The Federal Reserve System possesses awesome influence over U.S. and world economy. Do we

really benefit from the Fed's use of these potent monetary tools?

The evidence suggests not. When the Federal Reserve System was created in 1913, its proponents argued that a powerful central banking system was necessary if our nation hoped to avoid the boom-and-bust swings in the business cycle that had plagued mankind through history. The Federal Reserve Act was sold to Congress as a way that would guarantee stable economic growth by maintaining a stable money supply.

This hoped-for stability has not occurred. In 1929, 1936-37, 1953, 1955-57, 1960, 1966 and much of the 1970's, the U.S. economy went through notable periods of recession or depression. In each instance, the Federal Reserve had increased, then rapidly decreased the money supply, contributing significantly to the downturn in economic activity.

Recent history suggests things haven't gotten any better. The U.S. is in the middle of the first back-to-back pair of recessionary years in its history. The second shortest period of economic expansion in 100 years (July, 1980 to July, 1981) followed the shortest period of recession in history (January, 1980 to July 1980). The reason for these volatile ups and downs, according to Milton Friedman (Newsweek, February 15, 1982) is squarely with the Fed. Friedman argues that a series of wild swings in the size of the money supply over the past 2 1/2 years led to the widest fluctuations in short-term interest rates during the more than a century in which detailed records of American economic activity have been kept. According to Friedman, these erratic changes in the money supply have "put the economy through a dismaying roller coaster." His solution: "steady monetary growth in order for the Fed to regain the confidence of the financial community and for President Reagan's economic program to succeed in both ending inflation and providing a stable basis for health noninflationary economic growth."

By its own definition, the Federal Reserve System is a colossal failure. Ostensibly created to guarantee economic stability, it is in truth a significant source of economic instability. Rather than providing consistent monetary growth, its policies have produced what Friedman calls the "yo-yo" economy.

The concept of a private banking consortium controlling the issuance of our nation's money was not what the Founding Fathers had in mind. The Constitution is very explicit on this point - Congress, and only Congress, has the power to issue money.

The framers of our Constitution had learned from bitter experience what the unrestrained issuance of currency could do to an economy. Shortly after the Declaration of Independence was written, Congress and the 13 original colonies began issuing paper money. The money was not backed by precious metals and no limits were placed on the quantities issued. The resulting inflation nearly destroyed the fledgling Republic before it got started. Therefore, the Constitution, in Article I, Section 8, states "The Congress shall have power . . . to coin money, regulate the value thereof, and of foreign coin."

Men like John Adams, Benjamin Franklin, James Madison, James Monroe and Thomas Jefferson were highly distrustful of the motives of private banking institutions. History had given them good reason to be suspicious. As Jefferson once said, "I believe that banking institutions are more dangerous to our liberties than standing armies ... The issuing power should be taken from the banks and restored to the government, to whom it properly belongs." James Madison was slightly more colorful, but no less certain, when he said, "History records that the money changers have used every form of abuse, intrigue, deceit and violent means possible to maintain their control over governments by controlling the money and its issuance."

The Founding Fathers understood the importance of a sound money supply. They were cognizant of the difference between "debt" money (money issued simply to finance government debt) as opposed to honest legal tender issued by the government. They knew Constitutional control of the money supply was the only way to protect the people.

There has been a two hundred year struggle in America over "who should issue the nation's money?" The Founding Fathers and early presidents spoke out on this issue. They said, "Don't let the banks issue the money." Either the government issues the money or the banks issue the money. The problem is that when the banks

issue the money they charge us interest on it. Thus, under the Federal Reserve money system, the people and businesses of America pay interest to the banks for the privilege of using our nation's money.

We pay interest, needlessly, on every Federal Reserve dollar in circulation! With approximately $500 billion in circulation, the interest due is about $50 billion!

It is time for us to clearly address the problems presented to the American economy by the Federal Reserve System. It is time for us to address the constitutionality of the Federal Reserve Act of 1913, granting those representing the monied interests control over our nation's money supply. It is time for us to truly understand the monetary policies of our country.

We have a clear choice. Fifty years of deficit spending and debt money has left our nation dangerously near the precipice of economic disaster. We can choose to continue on this ruinous course or we can take steps to guarantee a sound, stable money supply for ourselves and future generations.

Honest money could very well be the most explosive political issue over the remainder of the century. Some in Congress have recognized this and opened the debate - but Congress will not act. As has happened before in our nation's history, it is now the duty of State Legislators all over this nation to accept the challenge, study this problem and demand solutions that protect our states and our citizens.

SOLUTION TO ECONOMIC CRISIS IS LOCAL ORGANIZATION AND CORRECTIVE STATE LEGISLATION

In the present climate of economic emergency it appears that the greatest stumbling block to acceptance of necessary data for financial survival, and the conclusions which must be reached by the individual, is the feeling of "unreality" which the truth holds for the very people who seek it.

The impending economic / political disaster is permitted its fantastic rate of growth through no other factor as much as incredulity masked as apathy. The resulting inaction of the people is a powerful propellant to nihilistic doctrine.

Knowledgeable response to crisis is, of course, more difficult than protest. But, protest alone will not defend your family, your money and your property. A vital first requirement for financial survival in a hostile political environment is identification of the men, and the system, who direct the course of America to oblivion and her people to a soviet twilight zone.

Now you have the key to unlock the mystery of "the secret government of monetary power," and learn how to defend your money and property against their confiscatory stratagems.

It is wasteful to wrestle with the convoluted, impersonal problems of the world. More real progress will be made in defense of freedom by concentrating your time and energy on economic issues affecting your resources and your family.

SEVEN

"Whensoever the general government assumes undelegated powers, its acts are unauthoritative, void and of no force. That to this contract (the Constitution) each State acceded as a State and is an integral Party, its co-States forming as to itself the other Party. That government created by this Contract was not made the exclusive or final judge of the extent of the powers delegated to itself since that would have made its discretion and not the Constitution the measure of its powers. But that, as in all other cases of compact among parties having no common judge, each Party has an equal right to judge for itself as well of infraction as of the mode and measure of redress."

KENTUCK Y STA TE LEGISLA TURE
19 November 1799

ON THE CHARACTERISTICS OF GOVERNMENT*

If we study the Constitutional history and the principles of agencies that are involved in this agreement called the Constitution of the United States, we'll see that the . . . States are in fact the principal. Each of the specified agencies in Washington is just that: a special or limited agency, not a general agent. For example, the legislative power of this body (Kansas Interim Judiciary Committee) is a general legislative power. A State legislature has authority to do anything it sees fit as long as it is not prohibited by either the state or the federal constitution. This distinction is very clearly spelled out in the Virginia Blue Book of the Virginia Legislature if you want to get a broader view, or broader statement, of it. But, the federal legislature on the other hand has to look at that Agreement and that Agreement alone to find specific authorization for what it does. They haven't been doing that as everybody knows. That's part of the problem. And along with the problem comes a question of what to do about it. But in order to see more clearly what the nature of the Agreement is and who's responsibility it is in the constitutional sense, to cure infractions, I think it is sometimes important to look at what some of the framers of the Agreement thought about it. If anybody knows what that Agreement said and what it meant, it ought to be the people who wrote it.

We have here for example a statement from James Madison whose role in the formation of the agreement between the states is very well known.

*Testimony, Attorney T. David Norton, State Senate Committee on the Judiciary, Topeka, Kansas, 23 August 1979.

He says, "The ultimate right of the parties to the constitutional compact to judge whether that compact has been dangerously violated must extend to violations by one delegated authority as well as another. By the judiciary as well as by the executive, or the legislature." That particular quote you will find reprinted in the little pamphlet called Nevada's Public Lands, copies of which have been distributed to the Committee.

In addition, we have the further consideration that something else is happening in connection with how things are run and we have a lot of people trying to have somebody else make our decisions for us. It's a very easy copout to say "Well we've got a problem. Why don't we have somebody else come in here and decide the problem for us. That way we won't have the responsibility of making the decision ourselves." Of course, the Constitution doesn't provide for things to be run that way, but until we find out a better way, that's generally the way it goes.

If we look to some very capable attorneys, one of whom was Abraham Lincoln, we'll find a quotation from him that examines one of the processes of the law that has been developed, or misdeveloped, to substitute for Constitutional government, and that is the process whereby we expect the Myrmidons on the Potomac every Monday morning to pronounce from Olympus some new rules for us to go by. And all lawyers offices are filled with volumes of this stuff. We are kept poor keeping the legal publishers in business, by necessarily having copies of all this material. However, the scope that is being given to what goes on in Washington, particularly with regard, let's say, to the Supreme Court, is much broader than the Constitution provides, and much broader than any member to this Constitutional Compact ever agreed to. We find Mr. Lincoln saying in his first Inaugural Address,

> "I do not forget the position assumed by some, that constitutional questions" (of course, the word used in the Constitution is cases, not questions. We start playing games with our terminology and frequently we find our ability to accurately gain concepts of what we are dealing with is compromised) Lincoln says, "that constitutional questions are to be decided by the Supreme Court. Nor do I deny that such decisions must be binding in any case upon the parties of a suit, as to the object of that suit, while they are also entitled to a very high respect and consideration in all parallel cases by all other departments of the government. And while it is obviously possible that such decision may be erroneous in any given case, still the evil effects flowing from it, being limited to that particular case with a chance that it may be overruled and never become a precedent in other cases, can better be borne than the evils of a different practice. At the same time" continues Lincoln, "the candid citizen must confess that if the policy of the government upon vital questions affecting the whole people is to be irrevocably fixed by decisions of the Supreme Court the instant they are made in ordinary litigation between parties and personal actions, then the people will have ceased to be their own rulers, having to that extent practically resigned their government into the hands of that emminent tribunal.
>
> "Nor is there in this view" concludes Lincoln, "any assault upon the court or the judges. It is a duty from which they may not shrink to decide cases properly brought before them, and it is no fault of theirs if others seek to turn their decision to political purposes."

Political purposes, of course, have to do with policy. And if we are to allow members of the court, who have only judicial power not legislative power, to assume a role of telling us what to do in the legislative area, then we will be doing precisely what Lincoln was warning us against, namely, resigning our government into the hands of the members of the Court. They can't act as a Court if they go beyond the authority specifically granted. But the members of the Court can do anything they see fit, and they can get the Clerk to put the seal of the Court on it, and to the casual observer it might appear to be what the Court has done. However, if they lack authority, just as was found in the case of Marbury v. Madison with regard to a purported statute, what the Court attempts to do that is beyond its authority is void and it is just as void as an unauthorized statute or act of the administration would be.

When it comes to deciding what kind of remedy to apply, again, I think that we can find some interesting and instructive material in considering the conclusions of those who were a little closer than we are today to the framers of the agreement.

We have, for example, this passage out of the report of the Kentucky Legislature of November 19, 1799, which says

> Whensoever the general government assumes undelegated powers, its acts are unauthoritative, void and of no force. That to this contract, (that is the Constitution), each State acceeded as a State and is an integral Party, its co-States forming as to itself the other Party. That government created by this Contract was not made the exclusive or final judge of the extent of the powers delegated to itself, since that would have made its discretion and not the Constitution the measure of its powers. But that, as in all other cases of compact among parties having no common judge, each Party has an equal right to judge for itself as well of infraction as of the mode and measure of redress.

Returning to President Madison we find in Mr. Madison's Report specific reference to the judiciary and the manner in which we may be departing from the heritage that most of us have been taught to believe is a good one. Mr. Madison said in his report,

> "If the decision of the judiciary be raised above the authority of the sovereign parties to the Constitution" (of which Kansas is one) "the decisions of the other departments not carried by the forms of the Constitution before the judiciary must be equally authoritative and final with the decisions of that department. However true, therefore, it may be that the judicial department is, in all questions submitted to it by the forms of the Constitution to decide in the last resort, this resort must necessarily be deemed the last in relation to the authority of the other departments of the government, not in relation to the rights of the parties to the Constitutional Compact, from which the judicial, as well as the other departments, hold their delegated trust. On any other hypothesis" continues Madison, "the delegation of the judicial power would annul the authority delegating it, and the concurrence of this department with the others in usurped powers, might subvert forever and beyond the possible reach of any rightful remedy, the very Constitution which all were instituted to preserve."

So if we see what the Parties to the Constitutional Compact had to say about it, we find that they understood where the Constitution began much better than we do. And that shouldn't surprise us because they figured out the Constitution. If we look at the text itself, we'll see a number of things that frequently escape our notice. For example, the fact that it is an agreement between sovereignties. We sometimes say that sovereignty inheres in the State and that all legitimate power, all power, whether legitimate (or illegitimate for that matter) originates in the State, both the power that is delegated to county governments and municipalities and the power that is lawfully exercised by the common agents of the States in Washington. Also, illegitimately exercised power arises from these sovereignties, and when usurpation occurs, it is the State power that is being seized ordinarily. Sometimes (and we'll get to it in another quotation from Judge Pine on this subject) sometimes there are encroachments by one branch on the functions of another.

But the principal problem that we are dealing with today is the overall grab for power by the agencies in Washington, most of it being exercised by nameless and faceless bureaucrats where even the President can't find out who is exercising the power. We have a little anecdote about that that I can regale you with if you are interested with regard to Nevada's public lands. But the first thing I'd invite your attention to with regard to the Constitution itself would be the signatures themselves that appear at the end of the Agreement. The first signature here, for example, is George Washington, and he is described as President. He was selected President of the Constitutional Convention. But the rest of his title is what shows he had any authority to be there at all. And that language is, "and Deputy from Virginia." Now if Virginia had not been willing to agree to the Constitutional Compact or agree to send a representative to the Convention, George Washington would never have made it.

Likewise, we find in the text of the Agreement itself, in Article VII, "the ratification of the conventions of nine states shall be sufficient for the establishment of this constitution between the states so ratifying the same." In other words, unless and until they had nine states agree to it they didn't have any Constitution. And each of the states up that point, even those that had ratified, retained their complete and independent

sovereignty, that was recognized by the Treaty of Paris that concluded the Revolutionary War, each of them having power to declare war; and each of them having the supreme prerogative of government, the power to issue its own money, which many of them did, prior to the formation of this Agreement. And it was only the signature of the ninth state, the agreement of the ninth state, that made it operable with regard to those nine. It happened, of course that the other four agreed.

However, this makes it unmistakably clear that this is an agreement between sovereignties. And when Kansas or Nevada comes in on an equal footing with the thirteen original Nations, it means that the only entity that the Congress has authority to admit to this union is a sovereignty. And in the constitutional sense, the term State, remember what Louis the Fourteenth said, "I etat ce moi," I am the State. The term State means sovereignty. And, we have tended to get away from this concept some with the passage of time because we have such free communication between the various Parties. We have lost sight of the fact that each of the Parties to the Constitutional Compact is just that - a principal under the Constitution. So, we find basically that the text that is frequently quoted, namely the Ninth and Tenth Amendments of the Constitution, is what we lawyers sometimes refer to as mere surplusage. It doesn't add anything to what's already there. The fact that you have an Agreement between the sovereign Parties to begin with would basically mean everything that I have referred to in the Constitution itself. But in addition, the fact that you had representatives of the sovereignties there drafting the agreement; and you have the individual sovereignties ratify for themselves and no one else. These things indicate that it is an Agreement between sovereignties. It makes it (the ninth and tenth amendments make it) much more difficult for those who don't want to be bound by this principle of limited government to pretend that those limitations aren't there.

One of the principal limitations that was incorporated into the Agreement was the limitation that, number one, it is an agreement between Sovereignties. What the agents have as any legitimate authority, had to come from those sovereignties by specific and limited delegation for authority.

There are some other points that I think sometimes have an effect to clarify our thinking of the matter. For example, on pages three through five on this little pamphlet that has been distributed entitled, Stop Usurpation, with State Action, you will see the report of the New York Legislature of 1833. It goes on to some considerable extent and I won't quote it to you, but it will point out I think that the language that some of us as school kids even memorized in the Preamble of the Constitution, We the people of the United States, does not mean all the peoples, the several peoples in the United States, but it refers to the individual States and the political societies within those particular states, each acting in it's highest sovereign capacity, which it must do in forming an Agreement with a sister State. I believe it was the Virginia Commission on Constitutional Government that some years ago brought out a rather thick volume on documents relating to the formation of the Union and they entitled this volume, interestingly enough, We the States. James Kilpatrick was the editor of that volume. And he was at that time unaware of the strong support for that interesting selection of title that is to be found in the report of the New York Legislature of 1833 which also approves a similar finding made by the Virginia Legislature.

So if we look at all the historical authorities, we'll see that there is a position that the state can and should assume that it is being neglected and that is the position of a sovereign Party to this Agreement. This blindness on our part, a number of people have come up with different theories as to how we come to ignore sometimes the most simple of truths. I suppose we lawyers are the most guilty of anyone, because we are looked at as the gurus of the law, and they say, "We have a legal problem here - the Constitution seems to be dismantled - what are you lawyers going to do about it?" Those who have been spared the humiliation of a law school education find it considerably difficult to understand that the course that we get taught in law school called 'Constitutional Law' has very little to do with the Constitution. I nearly got thrown out of my first course in Constitutional Law for having the temerity to suggest to the professor that because this was advertised in the catalog as a course in constitutional law maybe we ought to read the Constitution. 1 was told in unmistakable terms that Dowling on Constitutional Law, the case book, is this course, and anybody who doesn't like it is at liberty to leave. Well, I wasn't about to

leave. I wanted to see what they were up to. But this was the process that was used in the graduate school and in the law school - all of these various areas where they teach courses in constitutional law. They would be amazed, the professors themselves would be amazed, to find how far they are going from the Constitution in the process of pretending to teach constitutional law.

There is an anecdote that comes from the recently deceased Dean Clarence Manion that points this out very clearly. I won't burden you with it but in summary it shows that even Clarence Manion, who taught constitutional law for 22 years, blew a basic question on it when he was asked, because he was dealing with case books. He wasn't dealing with the Constitution. He was straightened out interestingly enough by Louis Budenz, a former Communist, who had studied our institutions to the point where he knew what the Constitution was all about and it's rather an interesting side light that many of us in the legal profession where we answer legal questions all the time find ourselves as babes in the woods when it comes to dealing with basic consitutional principles.

That's what the movement for state action to enforce the Constitution is all about. Because this is where the power started and this is where corrections of the Constitution have to take place if they are to be corrected and there is a very interesting reason for this. That is summarized in greater detail in this little pamphlet, Stop Usurpation. I will review it briefly for you. If the party or a particular party that has jurisdiction over a given State - and that means the state legislature - if the party does not correct an infraction that is committed through usurpation, by one or another of its common agents in Washington, then the agent that starts out having no authority whatever under the Constitution can end up bossing the citizens around - even in violation of the Constitution - because the Party to the Constitutional Compact did not correct the unlawful act of its agent.

Sometimes we use a rather homely analogy (which can be rather dangerous, analogies frequently are) but it points up this particular relationship. We say "Farmer Brown sends his hired hand to market with a load of potatoes to sell the potatoes and the hired hand sells the team and wagon." We have a specific or limited agency, that the hired hand ignores. Another hired hand can say "Charlie, you knew that was Farmer Brown's favorite team and wagon, you shouldn't have sold it." But all such scoldings are ineffectual if Farmer Brown doesn't do anything about it. And that agent starts out having no authority whatever to begin with ends up with giving good title to that team and wagon, that is good even against the Farmer himself.

The farmer has three options. (1) He can do the obvious thing and repudiate. (2) He can find out how much Charlie got for the team and wagon and if it was a good enough price, he can ratify and get a bill of sale, and even though the hired hand didn't start out having any authority, the deal is perfected and consumated by the later authorization of the principal. (3) Or he can do a third thing. And this is what the States have been doing. It is not really a third separate thing because it results in one of the other two things happening, and that is he can do nothing.

If he does nothing, he implicitly ratifies the unauthorized act of his agent. Some of us get confused when we talk about ratification, and we think that since we've left this thing go on so long, maybe we can't undo it. But I invite your attention to the fact that the State, being a sovereign, is never estopped. It is the state legislature that determines what your statue of limitations shall be, for example. On murder, frequently there is no statute; on a written contract it might be four years or six years; on a personal injury action it might be one or two years. But these are decisions that are made by the sovereign power of the Legislature and any estoppel that is worked by an inaction is good only insofar as what has happened. It cannot be prospective. You cannot bind, as you are frequently told, you cannot bind the acts of a subsequent Legislature. Even by inaction, this can't be done. So the option remains open to any State Legislature that wishes to do so to use it's legislative powers to correct constitutional infractions whether this comes from the Congress or from the executive or the judiciary.

With regard to how this is done and why don't we let somebody else do it, and "can't we bring a suit and have somebody else decide it for us," I'm afraid the answer to this last question is, no, we really can't, no matter how convenient that might be. It is nevertheless, our responsibility, and there is the good news and the bad news. As Pogo says, "We has met the enemy and they is us." If this is

the case we may have to take the blame for things going wrong that we've previously tried to slough off onto someone else. But there is good news there. That good news is - that if it really is our fault, then we can fix it. It is only if it is our fault that we have the power to fix it. And we find that as we study more deeply into the subject, that we have almost unlimited power to fix these infractions - if we dig far enough.

Judge David Pine is a district judge in Washington, D.C. You may remember him - he is the one who decided when Harry Truman tried to grab the steel companies that Pine was the district judge who said, "No, you're not allowed to do that." And he was sustained by the United States Supreme Court (by a vote of 6 to 3) but nevertheless, it shows that he gave a certain amount of attention to this question of constitutional limitation. In a speech that was printed by the American Bar Association in November of 1954, he points out a number of things that deal with this general subject of usurpation. He starts by quoting from Washington's Farewell Address which is read on the floor of each House every February 22nd and regarded by most as very sound advice. (How much it is followed by the people who are supposed to listen to it is anybody's guess.) It is nevertheless, very sound advice - particularly insofar as it deals with the subject of usurpation. Washington says, "the spirit of encroachment, tends to consolidate all powers of governments in one and thus to create, from whatever the form of government, a real despotism." Then Pine quotes from Madison and the Federalist Papers, "The accumulation of all powers, legislative, executive, and judicial, in the same hands whether of one, a few, or many, whether hereditary, self-appointed or elective, may just be pronounced the very definition of tyranny." In Nevada it is a very express violation of our Constitution - Article 3 is unmistakeable in its terms. It says, if you exercise legislative authority, you may not exercise either executive or judicial authority with such exceptions as the Constitution, and only the Constitution, may provide. These exceptions would include such things as the Governor's legislative veto which does have something to do with the legislative power. He does have this authority - to veto a legislative bill. It is not a complete or uncontrolled legislative authority, but is an authority that we have entrusted to our state executive. It is nevertheless specified in the Constitution and therefore, it is lawfully exercised. However, we find in Nevada we are doing what maybe you have done here and adopted in the State a so-called "Administrative Procedures Act."

Under the Federal Administrative Procedures Act, nameless and faceless bureaucrats, if they don't have any success in using our tax money to lobby their bills through our legislature to give them power over us, they have another expedient. That is to stick it into the Federal Register record. That is what the federal bureaucrats did with the duplicate mining regulations in Nevada. They were shot down in Congress and on the 23rd of December, shortly before Christmas, here these same regulations came full blown, published out in the Federal Register and as I mentioned, even Jimmy Carter can't find out who did it. If we find in administrative procedures that by use of the Federal Register bureaucrats are making policy making decisions, they are exercising legislative power.

They even have such anomalous sounding offices as "administrative law judges." In those three words they have succeeded in contradicting themselves twice, Because if it is law, it has to come from the legislature. If it's administrative, they are not allowed to exercise it if they happen to be a member of the legislature or a member of the judiciary. And further, if they are judges, then they are not allowed to be either administrative or policy making. Yet, they have with considerable boldness combined into one title one of the very problems that Judge Pine is concerned with. He says,

> The moral to which I said I would point before concluding my remarks is this. Follow the example of the founding fathers and be as alertly fearful as they were of usurpation of power, and forerunner of tyranny and oppression. When you say that that is seeing ghosts, the Constitution stands in the way it is in no jeopardy, and is held in such high esteem and reverence as to be immune from destruction, I agree, if you refer to a frontal attack. But what I ask you to fear are attacks on the flanks, made in the cause of expediency and supported by vast popular demand at the moment. (Witness Davy Crockett.)

The technique of the subverters will be the argument that the Constitution is a living thing and therefore susceptable to "growth" and must be adaptable and flexible enough to allow for changes in the social and economic life of the country.

Judge Pine continues,

> In recent years there has been a trend toward enhancement of the powers of the federal govenment. Now all of us are aware of this. This has been accomplished by the expansion of what was formerly believed to be the limits of the interstate commerce power and the taxing and spending powers and the federal government has thereby taken over the control of great fields of activity formerly considered the province of the states. There has also been a disposition in the federal government itself toward encroachment by one department upon the other. Particularly the executive upon the legislative and the judicial. This is not to say that the legislative has not cast covetous eyes toward the executive nor that the judicial has been demurely free from flirtations with the legislative powers. But at the moment, as I see it, the executive advances predominate.

That is an interesting comment to be coming from a pretty well versed gentleman in the affairs of Washington. He concludes that, "I am aware that the view I expressed has vocal opponents. But on consideration of their argument I detect that beneath their reasoning a predisposition to authoritarian government. So often, such people are willing to exchange liberty for efficiency, and freedom for temporary security or reward."

I don't think that we lawyers are completely absent in our contributions to a solution to this. More often, our reported remarks are likely to be confined to an examination of a problem rather than an examination of a solution and that's one reason why I think this committee is to be particularly commended for having the opportunity to inquire into this basic question of "Is regional government unconstitutional?" and to possibly make some recommendations as to the course that the Kansas legislature might take in the event that they find, as a number of other committees have found in a similar study of the subject, that there are indeed numerous and flagrant infractions of the Constitutional Agreement.

EIGHT

"Daniel Webster, James Otis and Sir Edward Coke all pointed out that the mere fact of enactment does not and cannot raise statutes to the standing of Law. Not everything which may pass under the form of statutory enactment can be considered the Law of the Land."

16 Am Jur, 2nd Sec.547

THREAT TO LIBERTY AND THE REMEDY

UNITED STATES MONETARY CRISIS

HON. JOHN R. RARICK
of Louisiana
IN THE HOUSE OF REPRESENTATIVES
Thursday, May 11, 1972

Mr. RARICK. Mr. Speaker, the current efforts by our Government to hold down price increases have served to focus the attention of thoughtful students on a little discussed facet of our money system. This system, because of a long process of miseducation and studied silence, is not now understood as it was prior to adoption of the Federal Reserve System more than half a century ago. It is based upon debt, has serious implications for the future of our country, and invites what may be the greatest war in history.

Every debt-dollar demands an interest tribute from our economy for every year that dollar remains in circulation. These interest costs force up the price of every commodity and service and contribute greatly to inflation.

One hundred and ten years ago, on President Lincoln's recommendation, the Congress authorized the issue of interest-free U.S. notes. Many of these notes are still in circulation and their interest-free status has saved the American economy billions of dollars.

Attempts to fight inflation in the United States by the highest interest rates here in over 100 years are bound to fail for high interest rates drive costs and prices up while holding production down. For this reason, the present administration has succeeded only in bringing about the anomalous situation of a depression in the midst of rising prices. The result has been to engorge financiers with profits at the expense of every other sector of the economy.

Moreover, so long as the manipulators of the money seek to maximize bank profits by high interest rates, prices must continue to skyrocket. Only by forcing these rates down can production be encouraged and costs reduced, which will minimize price increases.

Under the Constitution, the Congress has responsibility of issuing the Nation's money and regulating its value—Article I, section 8, clause 5. In a recent brilliant analysis of our money system by T. David Horton, chairman of the executive council of the Defenders of the American Constitution, able lawyer and keen student of basic American history, he suggests a proven remedy for our current predicament that will enable the Congress to resume its constitutional responsibility to regulate our Nation's money by

liberating our economy from the swindle of the debt-money manipulators by the issuance of national currency in debt-free form.

Early in the present Congress I introduced legislation (H.R. 351) the main aim of which was to accomplish such liberation by authorizing our National government to purchase the Federal Reserve System and to place it under the control of experienced administrators who recognize the basic soundness of the traditionalist money system and who can be depended on to act in the interests of the American people and American financial needs.

In order that the indicated analysis and proposal of Mr. Horton may be available to our colleagues, I quote it as part of my remarks.

MONETARY CRISIS—ITS THREAT TO LIBERTY AND THE REMEDY (Address of T. David Horton)

In 1797 John Adams wrote to Thomas Jefferson:

> All the perplexities, confusion and distress in America arise, not from defects of the Constitution or Confederation; not from any want of honor or virtue, as much as downright ignorance of the nature of coin, credit and circulation.

The power to issue money is the supreme prerogative of government.

The history of contemporary money policies may be traced back to what has been called "the crime of 1666" when Barbara Villiers, mistress to Charles II, helped the British East India Company gain a rake-off starting at two pence on the pound of the royal coinage. These corrupt practices were multiplied, and by 1694, William Paterson, founder of the privately owned Bank of England, would declare:

> The Bank hath benefit of the interest on all monies that it creates out of nothing.

With the crime of 1864, the National Bank Act, we find private banks gaining the power to issue money directly and a struggle commenced that has continued to the present day. Our own national heritage, if we are allowed to know it, is full of emphatic statements upon the subject of money.

Abraham Lincoln was one of our nation's foremost statesmen on the subject of money.

The great American monetary historian, Alexander Del Mar, declared:

> Money is perhaps the mightiest engine to which man can lend an intelligent guidance. Unheard, unfelt, unseen, it has the power to so distribute the burdens, gratifications and opportunities of life that each individual shall enjoy that share of them to which his merits or good fortune may fairly entitle him, or, contrariwise, to dispense with them so partial a hand as to violate every principle of justice, and perpetuate a succession of… slaveries to the end of time.

What have we done with our money? More than a hundred years ago John C. Calhoun said that we had given the banks the government credit for nothing, only to borrow it back again at interest.

In the 1930's Marriner Eccles, then chairman of the board of governors of the Federal Reserve System, admitted to Congressman Wright Patman that: What that privately owned central bank used to buy three billion dollars worth of government bonds was the right, as he called it, to create credit money.

Yes, banks create money—ex nehil—out of nothing.

Congressman Usher L. Burdick confirmed this in an interview published in 1959 in which he said:

> We want to sell four billion dollars worth of bonds, and we sell it in New York to those who haven't got a dime, and they don't need any money because they simply enter credit to the government on their books! ----------
> And then, before such money is paid out, they get the currency because they bundle up those bonds and bring them down here to Washington and get an equal amount of currency. Then they've got the money! But they didn't have the money before the government gave it to them.

In the meantime, of course, the government continues to pay interest on those bonds.

There is an incredulity regarding money matters that may be due in part to the fact that these gigantic legalized swindles simply boggle the imagination.

G.W.L. Day wrote in his book, This Leads to War:

> The mystery which has shrouded the subject of banking is every whit as deep as that which obscures the hocus-pocus of witch-doctoring; and with just the same blind respect with which the simple natives of Sumeria once gaped and goggled while their priests muttered their incantations and examined the entrails of chickens. For centuries we have listened with awe to the dictums of finance, believing that its high priesthood is possessed of knowledge superhuman and that its mysteries are sacrosanct and incomprehensible to the common run of man.

Henry Ford put it this way:

> If the American people knew the corruption in our money system, there would be a revolution before morning.

What are the reasons for the disparity that we find in the manner in which we tend to accept some things, but refuse and fail to know some of the simplest of truths with regard to our money? One of the reasons may be explained this way;

> We have a situation here where—if one of you deposits $100 in a bank account and if you write checks upon that deposit twice—if you do it in my county, I have to come around and put you in jail and lock you up! You have committed a felony. Yet the very same bank in which you deposited that $100 can write checks on that same $100 not once, not twice, but five or 10 times, even 20 times, and can do so with impunity. This is called the fractional reserve system.
>
> We penalize one man who writes checks on the same money twice and send him to jail.
>
> We glorify the banker who writes checks on the same money 10 times and send him to Congress.

The difference between the banker's activity and the activity of the "paperhanger," as we'll call him, (who writes checks on the same money more than once) is that the banker charges interest for lending the same money 10 times!

Dr. Carl F.M. Sandberg said:

> From those not previously familiar with these things, have come expressions of interest and enthusiasm, but also reluctance to accept as truth the fact that our government, without getting anything whatsoever in return, gives the Federal Reserve notes to private bankers for them to loan out at interest, even back to the government itself. To them this seems so senseless as to be unbelievable.

This is one reason why we find a certain incredulity with regard to accepting some of the basic facts of life that relate to our money system. But it is not the enormity of the outrage that is most important. It is not the fact that the swindles of high finance amount to billions of dollars. It is the fact that our present debt money system does not work, that is doing us the greatest injury.

Let us consider two points about our present system.

First: That every dollar we carry around in our billfolds is a debt dollar.

Dr. Willis A. Overholser said:

> Our present Federal Reserve System is a flagrant case of the government conferring a special privilege upon bankers. The government hands to the banks its credit, at virtually no cost to the banks, for their private profit. Still worse, however, is that fact that it gives the bankers practically complete control of the amount of money that shall be in circulation. Our present money system is a debt money system. Before a dollar can circulate, a debt must be created.

The foregoing statement, with regard to the money we use for our trade today, applies alike to the dollars we carry in our pockets and also to the so-called checkbook dollars that banks create when making loans. These two sources of debt dollars make up our money.

Who profits from having all our money based on debt? To find the answer to this question, we can refer to the controllers of our commerce themselves.

Brooks Adams, the brother of Henry Adams, wrote in his book, the Law of Civilization and Decay:

> Perhaps no financier has ever lived abler than Samuel Loyd. Certainly he understood as few men, even of later generations, have understood the mighty engine of (money). He comprehended that, with expanding trade, an inelastic currency must rise in value; he saw that, with sufficient resources at command, his class might be able to establish such a rise, almost at pleasure . . . He perceived that, once established, a contraction of the currency might be forced to an extreme, and that when money rose beyond price, as in 1825, debtors would have to surrender their property on such terms as creditors might dictate.

Loyd was father of the Bank Act of 1844. He was no idle theoretician. He obviously knew what he was doing, and he knew that his clique could profit immensely by causing a boom-bust cycle to ravage the economy periodically.

The importance of controlling the volume of currency in circulation was pointed out by President James A. Garfield, who remarked:

> Whoever controls the volume of money in any country is absolute master of all industry and commerce.

Added to the fact that all of our money is debt money, we need to consider a second point, and that is our profit system: I remember as a small boy, puzzling myself over a problem that arose when I was reflecting upon the profits that I was making out of shoveling snow, mowing lawns, delivering newspapers, or whatever, saving up for the day when I would go to college. I figured: If I make a profit (and I'm supposed to be working to make a profit) and if everybody else is making a profit, where is the money to come from? I take my quarters and put them in a little bank—I was taking money out of circulation. My profit is what I took out of circulation. If everybody else did the same, a problem might develop.

I didn't come to any conclusions, but it was obvious to me, and it is probably obvious to any other ten-year-old, that there is a problem with regard to our money if we are to operate on a profit system.

If every business is run at a profit, then every business is creating a partial vacuum in the money supply and this can lead, and always has led over a period of time to cataclysm.

This is the assistance that the free enterprise system affords to the controllers of our money system, when it is decided by those controllers to cause a depression.

Unwittingly, so long as we tolerate a debt money system, we contribute to our own undoing.

Periodically, we get into a depression, as we're not able to distribute to our own people the very necessaries of life. Willing workers are left idle, producing nothing, while products rust and food rots—for want of the money which our debt-money system deprives us.

A physician told me recently that the second most common diagnosis made today by the general practitioner is malnutrition. This is America in 1972.

At the same time, we are sending more than 100 million dollars worth of wheat to Russia, to feed their workers, who make more guns to kill our boys (and more ICBMs to threaten our cities).

Our own people are hungry, and the manipulators of our debt money system decree that we send our food to our enemies.

This is insane.

But we are not without remedy.

First, we must understand that our debt money system creates a vacuum in the money supply. Second, we must understand that in order to have a healthy economy with everybody making more and more goods and reflecting more and more profit we must have an expanding money supply.

So, our debt money system is exactly the wrong kind of money system that we need for a healthy economy. Rather than continually expanding the supply of money to meet the demands of ever-increasing goods and services that are being placed on the market, our debt money system decrees that the money supply shall contract because every dollar that is in circulation has a little tag on it, called interest, which commands that there must be withdrawn from circulation six cents or nine cents or 12 cents or whatever the interest tag dictates, in order for that dollar to remain in circulation for another year.

The solution to this problem is not new. We can find it in the works of Abraham Lincoln that are now more than 100 years old. These quotations are from Lincoln's speeches on money reform:

> Money is the creature of law, and the creation of the original issue of money should be maintained as an exclusive monopoly of the national government.
>
> The wages of men should be recognized in the structure of and in the social order as more important than the wages of money.
>
> No duty is more imperative on the government than the duty it owes the people to furnish them a sound and uniform currency, and of regulating the circulation of the medium of exchange, so that labor will be protected from a vicious currency, and commerce will be facilitated by cheap and safe exchanges.
>
> The monetary needs of increasing numbers of people advancing toward higher standards of living can and should be met by the government.
>
> The circulation of a medium of exchange issued and backed by the government can be properly regulated. . . .
>
> Government has the power to regulate the currency and the credit of the nation.
>
> Government possessing the power to create and issue currency and credit as money and enjoying the right to withdraw both currency and credit from circulation by taxation and otherwise need not and should not borrow capital at interest as the means of financing government work and public enterprise.
>
> The Government should create, issue and circulate all the currency and credit needed to satisfy the spending power of the government and the buying power of consumers. The privilege of creating and issuing money is not only the supreme prerogative of government, but it is the government's greatest creative opportunity.
>
> By the adoption of these principles, the longfelt want for a uniform medium will be satisfied.
>
> The taxpayers will be saved immense sums of interest, discounts and exchanges.
>
> The financing of all government enterprise, the maintenance of stable government and ordered progress, and the conduct of the treasury will become matters of practical administration.
>
> The people can and will be furnished a currency as safe as their own government.
>
> Money will cease to be the master and become the servant of humanity. Democracy will rise superior to the money power.

What Lincoln was referring to was the issuance of a national currency, sometimes are referred to as Lincoln Greenbacks. I don't know how many here have seen or remember seeing what today are the remaining issue of approximately 300 million dollars that was put into circulation more than 100 years ago. They are the United States Notes which bear the red seal. Our ordinary Federal Reserve notes bear, appropriately enough, a dour black seal. These black seals are debt money. Before they may circulate, a debt must be created. A United States note with a red seal is spent into circulation and is interest free. There is no interest incurred in the issuance of it. There is no interest incurred in maintaining it in circulation.

Now, it would be interesting to note how much this original issue of Lincoln Greenbacks has saved the American taxpayer since its original issuance.

February 25 of this year was the 110th anniversary of the statue authorizing the issuance of Lincoln Greenbacks. Three hundred million dollars of them is supposed to be maintained in circulation under statue, but they have been withdrawn, or at least placed into some form that the common variety of people rarely gets to see. They have been outstanding for 110 years.

If we compute the amount necessary to redeem the principal and interest of this 300 million dollars that was saved 100 years ago by the issuance of Lincoln Greenbacks, we find that, at merely 3 per cent interest, the amount of indebtedness which would be represented, had bonds been used instead, would be 7.75 billions dollars. We are dealing, of course, with an exponential, and we find that if we paid 6 per cent, the amount that the Lincoln Greenbacks saved our taxpayers and our commerce is 182.5 billion dollars; and the amount at 7 percent is 511.6 billion dollars.

The importance of this device that Lincoln initiated during the Civil War (which we need to copy if we are to emancipate our commerce from the thralldom of debt money) is recognized by the bankers themselves. The London Times is quoted as being the mouthpiece of high finance in John Howland Snow's book, Government by Treason. The Times is quoted as follows, referring to the Lincoln Greenbacks:

> If that mischievous financial policy, which had its origin in the North American Republic during the late war in that country, (Civil War) should become indurated down to a fixture, then that government will furnish its own money without cost. It will pay off its debts and be without debt. It will have all the money necessary to carry on its commerce. It will become prosperous beyond precedent in the history of the civilized governments of the world. The brains and the wealth of all countries will go to North America. That government must be destroyed. . .

This is what the bankers had to say about Lincoln Greenbacks.

If we want to try to remedy the situation where our money system, instead of expanding at a time when we need more money, contacts and thereby forces us into periodic depression, we need to adopt the measures that Lincoln initiated: Namely, the issuance of a national currency. If, coupled with this, we require the banks to lend our money not 10 or 15 times, but limit them to three times, (this would be enough) and this can be done by setting the reserve requirements at 33-1/3 per cent: If these two things are done, it will not only provide an immense source of tax-free revenue and provide our commerce with a source of money that is interest-free, but also, it will keep the banking institutions from taking away the control of the amount of money in circulation, which they now do by their fractional reserve system.

As it stands, by multiplying the number of times that the same dollar is loaned out, the banking fraternity in fact controls much more of the total purchasing power available to bid for goods than the control that is exercised by the original issuing authority. This can be stopped by doing these two things: Issuing United States Notes on the one hand, and increasing reserve requirements on the other.

It has been wondered why it is we are drifting slowly, but apparently uncontrollable, toward Socialism. The answer to that perplexing question can be found in our debt money system. If we have a situation where there are two things that are drawing money out of circulation, namely the debt issuance of the currency in the first place and the profit motive in the second place, we find that it is necessary, in order to make the economy run at all, for this slack to be taken out.

The manner in which this is characteristically done in modern times is by means of a government deficit: Namely, the government spending more money than it takes in. The theory apparently is, that if the government operates at enough of a loss (and we've lost more than 400 billion dollars) then this will keep enough money in circulation to make up for the vacuum that the debt-money system on the one hand and the profit motive system on the other creates in the money supply. Yet, we all know it is impossible to borrow our way out of debt. We know that sooner or later in this type of operation there must be an accounting, and with that accounting we find depression.

When we come up to a period of recession or depression we find that the Socialists and the Communists are the only ones around with available remedies. The remedy that they suggest for the problem that is created by a restricted money supply, of having more productivity than you can distribute, is the same remedy that was advocated by the fellow who decided to kill the goose that laid the golden egg. They can take care of the problem—too many golden eggs to distribute—by killing the goose. And there is no doubt it is possible to eliminate these unmarketable surpluses by restricting production. But restricting production is not the answer. It's comparable to killing the goose that laid the golden egg.

The answer is to have sufficient money. Sufficient blood supply in our economy: To have it stay viable and to have it stay prosperous. This can be done only if we get away from our debt-money system which forces us periodically into depression.

Another measure that we may consider in attempting to deal with the problems that we have in a money system that is basically diseased, is to try to establish some means of local control of local purchasing power.

The Roman Empire survived for many hundreds of years on the basis of a split control, a split authority over its money system.

The pounds, shillings, pence system in England (which was being phased out only last year) is the vestigial remainder of the original Roman monetary system. The pounds, the gold coinage, were the exclusive prerogative of the Pontifex Maximus, or Caesar; the silver coinage was vested in certain favored municipalities and, ex senatus consulto, in certain favored princes. The bronze coinage, however, which, as the coinage of every day commerce allowed the Roman empire to survive, was de-centralized.

And in our own country the original theory behind the Federal Reserve System was that it would provide de-centralized control. With 12 de-centralized Federal Reserve Banks, we were told, we would have an ability to adjust local needs to local demands. We know now that this was merely a pretext. It was a gigantic fraud. It never did and never was intended to do any such thing. It was a European-style central bank subject to the control of money manipulators which would keep us from having any local control of our local purchasing power.

What can we do individually in our states to offset this? One suggestion is to have other states follow the example of North Dakota. North Dakota has a bank. North Dakota is the only state in the Union that does have a bank. The Bank of North Dakota is owned and operated by that state. It allows a certain limited amount of local control of local purchasing power.

Local improvements are financed through that bank. Student loans are supported through that bank. You would not find it possible in North Dakota to get the people there to give up the Bank of North Dakota.

We have in other parts of the country, banks that are similarly named, but the Bank of Nevada or the Bank of Oregon or the Bank of California in every instance is a state chartered, privately-owned financial institution.

If we wish to copy the example of the Bank of North Dakota we will find that that bank provided its people with a source of credit that survived even the great depression of the 1930's.

Coupled to this we can institute in our local communities a certain amount of local purchasing power issued by the community itself. This can be in either one of two forms:

In one case, the merchants of a particular community can agree to honor each other's checks, payable to bearer and insured against being cleared through the bank, which would cancel them, but intended to circulate as a local currency. Those merchants in that particular community will find that they will have authority to control a certain amount of their own local purchasing power. They will find that their own people, on whom they depend for livelihood, are less likely to trade elsewhere than they will be in their own local community, as long as the currency that is there is circulating locally.

The other way to obtain local control of local purchasing power is by means of local or county vouchers circulating as currency. These vouchers can be made substantially interest-free under most state statutes. If this is done, local improvements can be made without our local governments going to the lending institutions to borrow back the very tax money that the local communities have with the commercial financial institutions.

These two means can combine to give us a certain amount of local control of local purchasing power. But the most important thing for us to concentrate on is the emancipation of our entire national currency from the thralldom of control by the money manipulators. This we can do by concentrating upon the issuance of national currency, in debt-free form.

In case too many people become alarmed of the consequences of this, it is to be pointed out that we now have a certain amount of non-interest bearing money in circulation. All of our fractional currency: That is to say, the pennies, the nickels, the dimes, the quarters and the halves, all of these are non-interest bearing in their form. They are manufactured in our mints; they are paid into circulation; circulate freely; they do not draw interest, and they provide the government a very valuable source of revenue.

In the fiscal years 1966 through 1970, inclusive, the amount of seigniorage paid into the treasury by the mints amounted to more than four billion dollars. The profit ratio on this type of currency is something on the order of six-to-one. (You end up with six times as much currency as you have cost going into making the fractional coinage.)

The cost ratio in making the Federal Reserve notes is more on the order of 600 to 1. And during these same four fiscal years, in spite of the fact that more than 50 billion dollars in Federal Reserve notes was manufactured by the Bureau of Printing and Engraving and turned over to the banks—not one cent in seigniorage was paid into the treasury!

In arresting this swindle and in emancipating our commerce from a debt-money system we will find that the threat that is now posed by the Socialists and the Communists largely disappears.

Their remedies for our ills are being accepted gradually for two reasons:

One—There are no competing remedies being offered.

Two—Our debt-money system compels the government to spend more than it takes in, because this is the only way we can keep the economy going!

And this defect, this use of a debt-money system, is what is forcing us gradually, and sometimes more rapidly than many of us like to think, down the tube to Socialism.

By liberating our economy from its debt-money system, we will be safeguarding our own freedoms. Further than this, we will be protecting the world from a threat which seems ominous enough now, but if we usher in the era of prosperity that is available to us and that the bank controllers themselves admit will come to us, we will find that the threat of Socialism and Communism, even on the international scale, will largely dwindle and fade away.

Therefore, we must order our priorities. We must decide as individuals whether we are going to address ourselves to the problem of correcting a grave injustice that is perpetrated on our economy and on our government, by getting rid of a debt-money system. We must order our priorities and decide that we are going to spend our money and give of our substance and ourselves to this fight, rather than be distracted by the current basketball game, football game or by any number of other diversions that are continually waved before us.

If we want bread and circuses, then what we're going to get is Socialism. If we want to make our principal pastime, our principal activity, the running of our own affairs and the reinstallation of Constitutional control over our currency, then we will find that the support of such organizations as the Oregon Legislative and Research Committee will reward our individual efforts, which will be responsive to a real national and local need.

Therefore, those who have elected to forego the entertainments of the hour to come here to study the question of what to do about our money system are to be commended. It is the people right here in this auditorium upon whom the well-being of our Republic rests.

Those of us who have studied the American Revolution realize that it took a very small percentage of the American people to accomplish that feat. The burden rested upon relatively few shoulders. The fact that we can see about us others who appear to be more interested in other things should not dissuade us. We should be prepared to give of our substance and our time to such organizations as this, that have a positive remedy that is something other than a Socialist remedy: A remedy that has been proven; a remedy that will work; and a remedy for which our posterity will thank us, if we are able to accomplish it.

CONGRESS CAN FREE U.S. FROM BANKERS DEBT MONEY

"There is well over $100 Billion in Federal Reserve Notes now in circulation," said Mr. Horton* in a letter to Senator Paul Laxalt, Chairman, Senate Appropriations Committee. "Replacing $100 Billion in interest-bearing Federal Reserve Notes with a like amount of U.S. Notes that are interest-free in their original issuance saves the American taxpayer and the U.S. economy interest on $100 billion every year.

"A draft bill is enclosed," he said, "that could be clipped to the Memorandum on Increasing Circulation of U.S. Notes that was forwarded to you through your Reno office last November."

---

* T. David Norton, Counsel, Committee to Restore the Constitution, is a Carson City, Nevada, Attorney.

The mechanics for immediately resolving the problem of America held hostage by a megabank debt-money system are set out in Horton's letter and attached exhibits, Memorandum on Increasing Circulation of U.S. Notes, and, "A Bill to Provide for the increase in the circulation of US. Notes. . .," reprinted in the same sequence, below.

---

18 January 1982

Honorable Paul Laxalt
315 Russell Office Building
Washington, D.C. 20510

Dear Paul,

Princess Catherine Caradja from Romania writes:

> "I have never understood how you in the U.S.A. left the gain on the money to others not, as in Europe, to the State itself: A fault."

To implement the issuance into circulation of $100 Billion in U.S. Notes, the change in 31 U.S. Code, Section 402, is quite simple. A draft bill is enclosed that could be clipped to the Memorandum on Increasing Circulation of U.S. Notes that was forwarded to you through your Reno office last November (another copy is enclosed).

The fact that $100 Billion is being borrowed on the New York money market shows that the appropriations have already been made and the money will be spent. Whether that money will be "debt-money," with interest ad infinitum, or interest-free U.S. Notes, depends upon whether 31 U.S.C. 402 is amended.

There is well over $100 Billion in Federal Reserve Notes now in circulation. Replacing $100 Billion of interest-bearing Federal Reserve Notes with a like amount of U.S. Notes that are interest-free in their original issuance saves the American taxpayer and the U.S. economy interest on $100 Billion every year.

The effect on interest rates of reducing federal borrowings by $100 Billion is outlined in the Memorandum.

Section 404 provides that U.S. Notes be kept in circulation:

> Except as provided in Sections 403, 406, and 821 of this title, it shall not be lawful for the Secretary of the Treasury or other officer under him to cancel or retire any more of the United States legal-tender notes. And when any of said notes may be redeemed or be received into the Treasury under any law from any source whatever and shall belong to the United States, they shall not be retired, canceled, or destroyed, but they shall be reissued and paid out again and kept in circulation: Provided, that nothing herein shall prohibit the cancellation and destruction of mutilated notes and the issue of other notes of like denomination in their stead, as provided by law: And provided further, That in the event of any determination by the Secretary of the Treasury under section 915 of this title that an amount of said notes has been destroyed or irretrievably lost and so will never be presented for redemption, the amount of said notes required to be kept in circulation shall be reduced by the amount so determined.

This last provisal keeps the Treasury secretary from worrying about keeping in circulation the entire amount of U.S. Notes issued. If notes are lost or destroyed, it results in legitimate profit to the government. For example, Section 405a-2 provides for the writeoff of silver certificates deemed destroyed, lost, or held in collections. It is an easy matter to adjust the amount of currency issued to make up for that which has been taken out of circulation. The profit from this type of operation properly belongs to the Treasury, and is a form of non-tax revenue.

MEMORANDUM ON INCREASING CIRCULATION OF U.S. NOTES

Amending 31 U.S. Code 402 to provide for the circulation of $100 Billion in U.S. Notes rather than the present $300 Million can be expected to have the following results:

a) By providing nearly $100 Billion in tax-free revenue, it will be unnecessary for the Federal Government to bid up the price (interest rate) of available credit in order to finance its operation. Chairman Volcker says that there should be $100 Billion less Federal borrowing on the money market in order to bring interest rates down. Replacing

interest-bearing Federal Reserve Notes with U.S. Notes that are non-interest-bearing in their original issuance will relieve the pressure currently forcing interest rates up. Reducing interest rates will unshackle the economy and allow production and distribution to get moving.

b) Retaining $100 Billion of U.S. Notes by forbidding their cancellation (as provided in Section 404 of 31 U.S. Code) will keep $100 Billion of the public debt in circulation as currency in interest-free form. The long-term affect will be to save annually the interest on $ 100 Billion (by 1972, the savings of the $300 Million authorized by Section 402 of 31 U.S.C., when compared with "conventional" debt-money financing was over $511 Billion).

c) By re-asserting its control over the nation's currency, as required by Article 1, Section 8, Clause 5 of the U.S. Constitution, Congress will be serving notice on the controllers of the present system of debt-money that the economy may no longer be held hostage to increase bank profits.

d) A debt-free currency that sparks the economy will abate pressures for un-constitutional socialist spending programs, and make possible further reductions in Federal spending and taxes.

97th CONGRESS 2nd SESSION

S_____

IN THE SENATE OF THE UNITED STATES

_____

Mr. Laxalt introduced the following bill: which was read twice and referred to the Committee on

_____

A BILL

To provide for the increase in the circulation of U.S. Notes from $300,000,000 to $100,000,000,000.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

Sec. 402 of Title 31 of the United States Code is hereby amended to read as follows (new material underscored; old material lined through):

Sec. 402. Limitation of amount of United States notes in circulation.

The amount of United States notes outstanding and to be used as a part of the circulating medium, shall not exceed the sum of $100,000,000,000. ~~$300,000,000~~ which sum shall appear in each monthly statement of the public debt, and no part thereof shall be held or used as a reserve.

DEMISE OF THE GERMAN REPUBLIC

"There is a pattern in the situation of chaos in America," said H.I.H. Aleksei Romanoff in the August 1979 issue of Double Eagle, "similar in various areas to such a pattern in Germany before the usurpation of power by the Nazi gang under the leadership of the Fuehrer Hitler.

"The Nazis polled fewer than a million votes at the 1928 election in the German Republic," said Romanoff, "and were represented by only 12 seats in the German Congress (Reichstag). But with the Wall Street crash of 1929 disaster came. Germany was like a man who has been leapfrogging cheques into and out of his bank account and is suddenly let down by the non-arrival of the credit intended to cover the post-dated debit made the day before yesterday and due to be presented today.

"By 1932 there were five million unemployed, and the disease of hopelessness spread throughout the German Republic. Food, warmth and shelter were pulled out of the people's grasp with terrible frequency. Savings vanished in a wave of profiteering and a desperate effort to pay the mortgages on farms and houses. Millions of Germans saw the apparently solid framework of their existence cracking and crumbling. In such circumstances men are no longer amenable to the arguments of reason. In such circumstances men entertain fantastic fears, extravagant hatreds and extravagant hopes. And in such circumstances the extravagant demagogy of Hitler began to attract a mass following as it had never done before.

"In these conditions," said Romanoff, "it was not only the Nazi Party which brought Hitler to unlimited dictatorial power. Indeed, it was the German Congress (Reichstag) which, subverted by Communo-Fascist cunning intrigues, in conditions of threats, bribery, murder and treason, brought Hitler to the Chancellorship of the German Republic in January 1933, bringing also an end to this German Republic and to so-called democracy."

NINE

'Where does the Federal Reserve get the money with which to create bank reserves? Answer: It doesn't get money, it creates it. When the Federal Reserve writes a check for a government bond it does exactly what any bank does, it creates money . . . it created money purely and simply by writing a check. And the recipient of the check wants cash, then the Federal Reserve can oblige him by printing the cash - Federal Reserve Notes - which the check receivers commercial bank can hand over to him. The Federal Reserve, in short, is a total money-making machine."

CONGRESSMAN WRIGHT PATMAN

FEDERAL RESERVE PLUNDER*

There is a theory known as the Theory of Cognitive Dissonance (TCD) which holds that the mind involuntarily rejects information not in line with previous thoughts and/or actions. Brace yourself, the following message may be entirely different from anything you believed to be true heretofore. If you are unaware, you are unaware of being unaware!

—Merrill Jenkins, M.R.

It can be extremely difficult for well fed, comfortable and amused people to conceive of a system of plunder that they, their parents and grandparents were born into along with the plunderers, their parents and grandparents, yet such failure to see does not prove the non-existence of that system, it only insures that it will continue until the people are stripped of all of their wealth and reduced to serfs. Throughout history, governments have plundered their citizens. Ancient governments clipped the edges of coins and melted the clippings to make new coins, which also were clipped. The serrated or milled edge of coins was intended to prevent that practice. As time passed, the plunderers progressed to debased coinage, that is, base metals were switched for all or part of the precious metals in the coins. Still later, non-redeemable paper currency was used to steal the fruits of men's labor. The most sophisticated plunder yet inflicted on trusting citizens combines the use of controlled news media; paper and metal tokens; credit (monetized debt) and imaginary taxes. The news media and schools deceive the people to believe that copper tokens and credit are "money"; that prices are inflation and that some of the "money" must be returned to the plunderers as taxes even though the plunderers have access to unlimited "money." The plunderers' creation and financing of foreign "enemies" helps to convince the victims that taxes are needed to support government while largess to the most robbed poor buys votes to perpetuate the plunder. The ancient Chinese carved in stone, "Disperse the money, collect the people." As the Romans had bread and circuses, we today, have food stamps, football, foosball and fools on TV ad infinitum. We must be distracted at any cost, after

*By Dave Wilber, economics writer, P.O. Box 22431, St. Louis, MO 63126.

all, when the plunderers originate "money" themselves, cost, to them becomes meaningless!

With 50 different ways to spell "theft" in the English language, the most insidious method, inflation, is seldom thought of as being a criminal act. Unprosecuted fraud is no less fraud! In spite of what the inflater controlled news media tells you, inflation is bank credit or any purchasing unit that the first party to use gave up nothing to get. Counterfeit currency is a good example. Ever higher prices are the result of a privileged group introducing into and bidding in the marketplace, fraudulent purchasing units and getting something for nothing. Check your billfold. Any bills you have without a promise to pay on them are counterfeit! That is, if counterfeit can be defined as anything fraudulently labeled to be something that it is not. Until 1963, our currency bore a promise to pay x dollars to the bearer on demand. How could the paper become what it once promised to pay by simply deleting the promise? If it promised 10 oranges, how much orange juice could you squeeze from one 10 orange note?

Congress sanctioned this form of theft by passage of the infamous and unconstitutional Federal Reserve Act on Dec. 23, 1913. It was on that day that today's runaway inflation began to accelerate. The purported purpose of that act was to create an "elastic currency," a "currency" that was superior to rubber checks in that it could be stretched but it would not "bounce" back at the issuers. This feat was accomplished simply by seeing that there was no space provided on their checks (dollar bills) for endorsements. Clever, huh? Their unfunny money was needed to promote booms like World War II and busts like 1929 neither of which could have occurred without their fantastic elastic. Modern wars require much modern "money" and the Federal Reserve "system" is the only source of such unlimited larcenous devices. Please see your dictionary for 'device.'

In passage of that act and creation of a private corporation, deceitfully named the "Federal Reserve," Congress and President Woodrow Wilson sanctioned what inflaters were once hung for, that is, fractional reserve banking. In so doing, they showed their contempt for the Constitution that they swore to uphold. (See Art. 1, sec. 10, U.S. Constitution.)

When the private corporation now known as the "Fed." issued their first fraudulent irredeemable note in 1914, they began to fill the lake behind the dam that is now ready to burst and drown us all including many bankers in a sea of spurious specie.

Knowing the possibility of such a disaster, the money manipulators devised a "spillway" for their "dam" which became the 16th amendment (income tax). As they issued more and more fraudulent notes to expropriate our wealth, a graduated income tax was necessary to relieve the pressure of competitive bidding of their fraudulent devices by the unsuspecting non-bank public. A pressure which unrelieved, would ultimately crack their "dam." The same duped Congress in the same year, passed the 16th amendment for that purpose. It was falsely claimed at the time that the tax was needed to "pay the interest on the debt" and that it would "soak the rich." Apparently enough congressmen believed that propaganda. It was in fact to keep the rich from getting "soaked" by their "dam" bursting!

The tax started at 1% and was never to exceed 3%. That wasn't too hard to swallow, was it? When they saw that "spillway" was inadequate, they carefully planned another. It was called "Social Security." Since they couldn't find justification for increasing income taxes, a brand new tax was the answer. To make it more palatable to the people, employers were compelled to pay one half. It started out at just 1% on a maximum of $3,000 which came to only $30 per year. Who could argue about that? Wow! Only thirty bucks a year and no worries in your old age. Ponzi was a piker! How much are you being gigged for now?

Their whole scheme wasn't too complicated. They first established that they would have reserve requirements of 40%. That meant that when a sucker deposited ten dollars in gold in their "system," they issued a paper certificate that bore a promise to pay ten dollars in gold to the bearer on demand. They gave that certificate to their mark (sucker) and simultaneously they issued 15 Federal Reserve notes while they kept the gold! The people saw nothing wrong with that, after all, they could return their certificate to the bank and redeem their gold anytime they wanted to. They simply didn't see the barb on the hook; there wasn't enough gold for all of the certificates and notes outstanding, only 40%. As time passed, they reduced their reserve requirements to only 25%, which meant that for every dollar of gold

deposited, they issued one certificate and 3 notes while they kept the gold. Abbott and Costello made a fortune with the routine, one for you, two for me, three for you, four for me, etc.

Where there was once just one purchasing unit, now there were five, one gold coin; one paper certificate for gold; and three Federal Reserve notes, all but the gold coin were ready to be bid against each other causing prices to rise. Take note that we said rising prices were caused by the excess purchasing units. The Federal Reserve notes were the inflation, higher prices were the result of the inflation; the extra purchasing units. (Please refer to the third sentence of paragraph three above.) The certificate would be inflation too, if and when the gold coin was being bid in the marketplace against it. Theoretically, prices would quintuple if all of the purchasing units were being bid against each other at the same time. The income tax was instituted to remove from bidding, some of the purchasing units held by the non-bank public. The primary function of all Federal taxes and many state taxes today is the same as income tax; reduce bidding of non-bank public. National Health Insurance tax will cause a substantial reduction in private spending if passed.

When the Federal Reserve wrote in The National Debt, "The Federal Government in cooperation with the Federal Reserve, has the inherent power to create money—almost any amount of it," you don't need Einstein to explain that taxation is not used to support government! Several Federal Reserve and IRS publications openly admit or at least allude to the truth.

Every Federal Reserve note issued was one unit of inflation for each unit (dollar) of money that appeared on the note. By 1933, the inflaters held enough notes to claim all of the gold so they had their front man, the con man of all con men, FDR, issue an executive order declaring that it was against public policy for the people to use gold in trade. When 95% of the suckers turned in their gold, the "price" of gold was changed from $20 to $35 per ounce. That's what you call getting them "coming and going." Not only had the people been robbed of their gold, they were conned to believe that the dollar was something tangible, concrete rather than abstract, and this misconception greatly facilitated further plunder of their silver. The dollar, since April 2, 1792, has always been a measurement of money, it is not and never was the money. How can anyone say "dollars per ounce" when the dollar itself is a measurement? Title 31, United States Code 371, tells us that the money shall be expressed in dollars. What further proof does anyone need that dollars are not the same as money?

Until June 24, 1968, silver coins were current as money. What took their place? Before anyone tells the IRS that they received or spent dollars of money, it would be advisable for them to learn what became current as money by law, when silver coins ceased to be the money. Anyone charged with tax offenses should file an interrogatory, asking the revenue agents to tell them what commodity is current as money pursuant to Title 31, U.S.C. 371.

After the crash of 1929, many people lost confidence in the banks and were more inclined to make "deposits" in their back yard. When the Federal Reserve tells us today in Modem Money Mechanics that our bank deposits are merely "book entries," do you think that the F.D.I.C. was created to insure depositors against loss of their uninflatable silver or was this agency created solely to instill confidence in the Federal Reserve "system" while "book entries" were systematically switched for their uninflatable silver? The Economics textbook in one St. Louis County high school reads: "To help restore the public's confidence in banks . . . Congress passed legislation setting up the F.D.I.C." There's your answer!! Further they state: "Income tax is one of the government's most potent weapons. . ." Income tax, a weapon? Yes, it is but their most powerful weapon is fear. The average citizen is so cowed with fear that they'd rather play the game and send reports of "dollars" earned and spent to IRS than to ask the IRS what the money is by law that those dollars are quantities of. Also, on page 3, of MMM, the Fed readily admits the main reason we accept their spurious devices is because of "confidence." Are they or are they not essentially admitting that they operate a confidence game? "By their fruits, ye shall know them!"

We were told in 1965 that silver got "too expensive" to use as money. Silver never got expensive! The Fed. had simply issued so many fraudulent claim checks for silver that to prevent exposure of their crime, reserves had to be reduced to zero. In 6 years time our circulating coins became silverless. The Federal government profusely publicized the fact that the new "dollar" coins contain only 3 cents worth of copper and nickel. Those who accept them sustain a 97% loss

and tell IRS that they had a profit! Speaking of mind control in 1984 . . . it's here!

In 1920, writing in Economic Consequences of the Peace, English economist, John Maynard Keynes said, "Lenin was certainly right, there is no more surer, more subtler means of destroying the existing basis of society than to debauch the currency. By a continuing process of inflation, (credit usage) governments can confiscate secretly and unobserved, an important part of the wealth of the citizens. The process engages all of the hidden forces of economics on the side of destruction and does it in a manner that not one man in a million can diagnose.[1]' Further on he wrote, "If governments should refrain from regulation (taxation) and allowed matters to take their course (price explosion), the worthlessness of the money becomes apparent and the fraud upon the public can be concealed no longer." How true! In 1971, Richard Nixon said, "I am a Keynesian in economics." The high school text (above) says the Keynes theory is "most widely accepted by economists in the nations of the Western industrial world." This writer believes that we need never fear an invasion as long as we have Keynesian economists showing 15,000 commercial bankers how to destroy the existing basis of society by issuing credit that they call "money."

Writing to Amos Bruce of St. Louis, the Honorable Ron Paul of Texas said,

> Strictly speaking, it probably is not 'necessary' for the federal government to tax anyone directly. It could simply print the money it needs. However, that would be too bold a stroke, for it would then be obvious to all what kind of counterfeiting operation the government is running. The present system combining taxation and inflation is akin to watering the milk: too much water and the people catch on.

There you have it from a congressman! Taxation is used to get some of the "water" out of the "system" so that we won't "catch on" that government takes everything they want from us without compensation in total violation of the 5th amendment. Legal tender laws compel us to accept their "water" and we don't complain because the same laws compel others to accept it from us. Only if we hurry, can we obtain something of value equal to what we surrendered for their illusory, watery "payment." Their "water," like water, cannot flow uphill to its creator as taxes.

When the dollar by law is a measure of wealth and the Federal Reserve admits in print that they have removed all of our wealth from our banks and reduced all deposits to "merely book entries," there are no tax dollars going to Washington but there are unlimited checks coming from Washington as salaries, pensions, grants, social security, food stamps, welfare, warfare, federal funds, "revenue" sharing, foreign aid, ad infinitum. There is no such thing as taxpayer's money, it's all federal "money"! The aim is to get as many individuals and political subdivisions as possible dependent on federal checks that are nonpayable! Total dependency is total slavery! You can't bite the hand that feeds you! Who will fight the unconstitutional federal monster when they are dependent on it? Very few! All wealth that Washington takes is theft but the victims do not recognize it as such because they don't end up empty handed. They get checks which authorize them to steal a like amount (less taxes) from their neighbors.

To complete the communizing of America by the elite, all that is necessary is to legislate our remaining freedom away from us and the masses are programmed to promote that legislation, ERA being a classic example. Marx's 8th plank calls for "Equal liability of all to labor," Income tax, inheritance tax and Federal Reserve filled Marx's 2nd, 3rd and 5th planks while the ICC, DOT, FCC, CAB and postal monopoly fill the 6th and "free" education fills the 10th. We are being planked into submission! "Freedom is the absence of legislation!" —Merrill Jenkins.

When we accept the debt instruments of a private corporation for all that we produce, then through fear of imprisonment, return a graduated percentage of those green papers to the same private citizens who first got them for nothing, if that isn't slavery, what is? Kublai Kahn did the same trick in the 13th century with strips of imprinted mulberry bark!

To regain our freedom, all legal tender laws must be repealed and 100% redeemable currency must be instituted. Government by the producers of wealth can exist only when wealth is used as a medium of exchange and public servants are dependent on being paid with some form of wealth. Inflation is bank credit. Bank credit is the cancer of civilization.

STATE BANK OF NORTH DAKOTA

A SOLUTION TO FEDERAL RESERVE PLUNDER

> The privilege of creating and issuing money is not only the supreme prerogative of Government, but it is the Government's greatest creative opportunity.
>
> LINCOLN

> Banking institutions are more dangerous to our liberties than standing armies.
>
> JEFFERSON

> The right to coin and issue money is a function of Government. It is a part of sovereignty and cannot, with safety, be delegated to private individuals.
>
> W. J. BRYAN

These American leaders advocated the use of public credit by the public, as provided in Article I, section 8, clause 5, Constitution of the United States.

Today, many recognize that provisions of the Constitution which require that Congress issue and control the volume of money are violated. The power to issue our currency and credit has passed to private interests for their exploitation.

The sovereign state, however, can soften the effects of these violations. By legislative remedy the state can alleviate crushing interest rates and reduce rampant inflation. To challenge monopolistic control of the U.S. economy the state can establish state owned and operated banks to handle public credit.

The Bank of North Dakota, formed by Act of the State Legislature in 1919, is such a bank. It's philosophy is threefold:

> To encourage and promote agriculture, commerce, and industry in North Dakota.
>
> To provide the most efficient and economical financial services to the State, its agencies, and instrumentalities.
>
> To provide professional assistance whenever possible and wherever it will encourage and promote the well being and advancement of North Dakota and its citizens.

Mr. H.L. Thorndal, President, Bank of North Dakota, testified on the advantages of a state bank before a Committee of the Ohio State Legislature on 15 May 1979. His remarks, based upon a successful pattern of experience, points the way to a solution to Federal Reserve banking plunder.

MR. H. L, THORNDAL, President
STATE BANK OF NORTH DAKOTA

Mr. Chairman, Members of the Committee:

Thank you for allowing me the opportunity to talk with you. My name is Herb Thorndal. I am from Bismarck, North Dakota and I am President and Manager of the Bank of North Dakota, the only wholly state-owned bank in the United States. I, and most all of my fellow North Dakotans, are proud of the Bank of North Dakota. We think we are doing things for the citizens of our state that either wouldn't get done, or at least not done as well, if it wasn't for the Bank of North Dakota's efforts.

Let me give you a little history of the Bank of North Dakota, and what we are presently doing. Bank of North Dakota was established by Act of the State Legislature in 1919. It was an outgrowth of the populist movement that started in the last century and culminated with the Non-Partisan League gaining control of North Dakota state government in the election of 1918. Even the most optimistic boosters of the idea of a state-owned bank would be surprised by the magnitude of its success today. The Bank of North Dakota was created for the purpose of "encouraging and promoting agriculture, commerce and industry," as stated in the enabling act. Too often farmers in North Dakota, at that time, were taken advantage of by out-of-state interests, both as to marketing farm products and financing operations. Most of the banks in North Dakota, today, as they were 58 years ago, are quite small; and adequate financing often was difficult to obtain, not only for the farmer but for small manufacturing firms, economic developments, housing, student loans and other socially desirable projects. The Legislature in 1919 hoped the creation of a state-owned bank would alleviate some of the financial problems the citizens of the State were experiencing. The Bank of North Dakota is the only one of its kind in the United States. From its start, the Bank of North Dakota did not propose to enter into competition with existing banks, but to cooperate with them and assist in developing and coordinating all parts of the financial services

of the State, so as best to meet the needs of the people. That policy has continued to the present day. The Bank of North Dakota feels that it is a "partner in progress' with other financial institutions in North Dakota. All one hundred seventy-three of North Dakota's banks maintain an account relationship with the Bank of North Dakota. At the time of the creation of the Bank of North Dakota, the Legislature also created the State Mill and Elevator. The State Industrial Commission was also created by the 1919 Legislature, and was charged with the operation, control and management of the Bank and the State Mill and Elevator. The Industrial Commission is composed of the Governor, who acts as Chairman, the Attorney General and the Commissioner of Agriculture. This is, I believe, as it should be. In order to be sure the Bank responds to public needs, it should be controlled by elected officials. However, I believe the State Treasurer should be on the board.

The Bank of North Dakota officially opened business on June 20, 1919, with $2,000,000 in capital. This $2,000,000 in capital was provided through the sale of Bank Series Bonds, which have since been retired out of the Bank's earnings.

Since 1919, through 1978, the Bank has made net operating profits of over $122,146,000. The Bank had total resources of over $616,000,000 in August of 1978, when it "peaked" at its seasonal high. It had over $581,000,000 in resources last week, as we approach our seasonal low.

The original act provided all public funds should be deposited in the Bank of North Dakota. This was changed by an initiated measure in 1921 to provide that all political subdivisions, with the exception of the State, itself, make deposits either in private institutions or in the Bank of North Dakota. At the present time, the Bank of North Dakota has approximately 10% of all public deposits, other than the State's. Because the law states that all monies of the State and State institutions must be deposited in the Bank of North Dakota, we do not have the problem of allocating funds to various financial institutions; and all political pressures are eliminated. The Bank of North Dakota pays competitive interest rates on state deposits that we set up as Time Certificates. The Bank does accept time and checking accounts from individuals and corporations, but is prohibited from making private and commercial loans, with the following exceptions: Veterans Administration (VA) and Federal Housing Administration (FHA) guaranteed home loans and Federally Insured Student Loans (FISL), and loans to actual farmers, if secured by real estate, and not exceeding 50% of value, and to North Dakota residents if secured by stock in a North Dakota bank. The Bank of North Dakota may participate with other banks, savings and loan associations and credit unions in loans made by them. It may loan to the various departments of state government and any political subdivision within the State. All deposits in the Bank of North Dakota are guaranteed by the State of North Dakota, and we feel the State has many more assets than the Federal Deposit Insurance Corporation.

Earlier I mentioned that one of the main purposes in organizing the Bank was to promote agriculture, and in this connection, from 1919 to 1932 inclusive, the Land Department of the Bank made a total of 16,482 loans on 4,219,130 acres of land, amounting to $38,573,000. These were financed by real estate bonds issued between 1921 and 1932. All of these bonds have long since been retired. In 1933, 1934, and 1935 approximately 8,000 tracts of land were refinanced through the Federal Land Bank and the Land Bank Commissioner. Of the remaining 8,500 tracts, about 2,000 were put on an amortized loan basis by the Land Department. This left approximately 6,500 tracts which the Bank took by foreclosure or quit claim deeds. These were sold back to the former owners, where possible, and to other interested parties. During 1941, to the present, the Bank has retained 50% of the mineral rights, which previously was 5%. All of these tracts have now been sold. We are out of the real estate business. As I stated, since 1941, the Bank has retained 50% of the mineral rights on the land they held and were selling; which totaled approximately 750,000 mineral acres. As of July 31, 1977, the Bank has received oil revenue in the form of bonuses, rentals, and royalties in the amount of $9,669,817.83. This is paid directly to the State Treasurer and is not part of the Bank's net operating earnings, as (earnings) reported previously. The mineral leasing function was transferred to the State School Land Department in 1977.

Because of the collapse of the agricultural economy in the 1920's and 1930's, the Bank was not the panacea for North Dakota financial

problems that the State had hoped it would. However, it went a long way in alleviating the problems created by the agricultural economy collapse of the 1920's and 1930's.

In 1973, we started to get back into the farm real estate loan business. We now have over 460 farm ownership loans, amounting to over $14 million. These 460 and some loans amount to just over 1% of all North Dakota farmers. We also service about 1400 farm real estate loans amounting to about $45 million that belong to the State School Land funds. We expect to be even more involved in farm ownership real estate loans in the future, as we try to get and keep young people started farming.

We do have a program to finance beginning farmers. Last summer (1978) we started a program in cooperation with the Farmers Home Administration, to finance land purchases for beginning farmers. Basically, this program extends term to 40 years, may waive principal payments the first two years, and allows a reduced interest rate the first five years of the loan. This helps the "cash flow" of a beginning farmer during the "start up" years, which are the most critical for any new business. We made 38 loans amounting to $1.8 million the first 4 months of the program, and are processing another $3.2 million as of today. I mention this to show that a state-owned bank can think new, innovative ideas, and put them into practice in a minimum amount of time, and without adding people to "the bureaucracy."

During the 1940's and 1950's, the Bank became the leading underwriter for political subdivision bond issues. The last few years the Bank underwrote and sold over $12 million per year of these tax exempt issues, over $17 million in 1978. Since the Bank pays no income tax, you might ask why do we buy tax-exempt securities? The answer is to provide an efficient and economic service to the instrumentalities of our state. Many of these issues are so small that they preclude public bidding. In the last few years, we have instituted an aggressive marketing program and our total portfolio dropped from $30,000,000 to less than $10,000,000. A recent Legislative Session also passed a North Dakota Bond Bank law, which is operated out of the Bank of North Dakota, allowing us to tap the national market with large issues backed up by numerous smaller tax exempt issues from around the state. Through the North Dakota Industrial Development Act, the Bank of North Dakota became the leading underwriter of Municipal Industrial Revenue Bonds. These underwriting activities are particularly helpful in a state that does not have dealer banks or home based bond dealer underwriters.

After World War II, the Bank became one of the major lenders of financing Veterans Administration (GI) and Federal Housing Administration (FHA) insured home loans. This department has since expanded to where today it has over $89.4 million of these mortgages from throughout the State. We were the first institution in the State to accept subsidized housing programs, such as the FHA 235 Program. The Bank of North Dakota instituted its own Interest Supplement Program to aid home buyers. We determined that a large segment of the State's population could not buy a home at today's rates. From our past experience with the FHA 235 Program, we knew that interest supplement programs work, and helped some of our citizens become homeowners. Under our program, all loans are insured or guaranteed by the Federal Housing Administration or the Veterans Administration. We take 80% of a household's income, subtract an additional $300.00 per dependent, and take 20% of the balance to determine what a household can pay for housing. We then project this to a scale to determine the rate charged, in no case more than 3% under the allowable FHA rates. This subsidy will in no case extend beyond the intitial six years of the loan. We expect to reach many people in the $14,000 to $17,000 income range and help them to become homeowners.

North Dakota needs a housing finance agency that could issue bonds, backed up by these mortgages and this agency could be part of the Bank of North Dakota. Unfortunately, this was defeated in this session of the Legislature, but we anticipate to bring it up again if the demand for housing continues in our State. I might suggest that the State Housing Finance Agency and other similar agencies could be incorporated under one institution such as a state-owned bank.

Last December the Bank of North Dakota issued $50 million of mortgaged backed bonds. This was the largest bond issue to have originated in North Dakota. We received a AAA rating from both Moody's and Standard & Poors, which is rather remarkable, when you realize that our "parent" the state of North Dakota, is only rated

AA. We needed this $50 million for liquidity, so that we could continue to purchase home loans throughout our state.

In August of 1967, the Bank of North Dakota made the first Federally Insured Student Loan in the nation. Since that time, the Bank has processed 71,960 loans, amounting to over $65,923,362.92 to students throughout the state. We are actually number two of all banks in the country (Bank of America, a $70 billion plus bank is first) and fifth in numbers, by lender, in the number of student loans we have disbursed. We are eleventh in dollar volume. Over 60% of the Federally Insured Student Loans made in North Dakota have been processed by the Bank of North Dakota. We finance students seeking higher education throughout the world; even in Ohio. Our only requirement is that they be residents of North Dakota at the time they make the application. We generally limit vocational training to in-state schools. No schools in North Dakota act as a lender. All loans must originate with a financial institution. The reason we limit vocational schools to in-state, is we find the training costs less in North Dakota, and the danger of a student being "ripped-off" by unscrupulous proprietory schools is eliminated. In other words, we know our schools, and watch what they promise to do. We now have over 28,637 loans in repayment. The Student Loan Program is completely computerized; and we feel it is one of the most efficient lending operations in the country. It's profitable, but more important, of great benefit and service to thousands of young people, and their parents. We also buy FISL from other lenders. We made a secondary market for FISL several years before they dreamed up Sally Mae! Our past due and claim status with the Federal Government is running less than 2%, which we feel is the best in the country. Because of the leadership of the Bank of North Dakota, our state leads the nation in making financial assistance available to students seeking education and training beyond high school.

Today we are in the process of issuing up to $65 millon in Student Loan Backed bonds. We are not going to pledge anything but student loans behind these bonds. There will be no take-out provisions, no guarantee, direct or implied on the part of the State of North Dakota, no student fees or general fund monies, and no moral obligation on the part of the state. With our very favorable repayment record, we are confident that we will get a very favorable rate. This type of financing could not be accomplished this way without the experience of a state-owned bank.

In the past, the Bank of North Dakota has made loans to various State Departments and institutions and has purchased real estate contracts from the State and its instrumentalities. At the present time, this totals only $385,000, but in years past, this was an important part of the Bank's operation. Some examples are loans to erect a building for the Employment Security Bureau, to finance buildings for the State Fair Board, and to the State Plumbing Board. All of these were self liquidating loans, (from income). Usually, the Bank sells these loans. Since they are tax-exempt to others, we will trade for high quality, higher yielding loans. In every instance, the instrumentalities could not get a satisfactory rate until the Bank provided it. Yet the Bank is able to sell or trade and saves money for the instrumentality.

The Bank of North Dakota starting in 1968. took a leadership position in SBA loans. Generally, the Bank will purchase the 90% guaranteed portion from the other institutions, thus providing local institutions with liquidity to take care of their other customers. We had a secondary market for SBA loans 7 years before they developed in the rest of the country. During the right money period, in 1971 and again in 1974. the Bank accelerated its participation program with other institutions and presently has over $118.8 million participation loans. These can be for any purpose for any time period. We anticipate this to be expanded by $20,000,000 during 1979. This is particularly helpful to the smaller banks that have a low "legal lending limit," and this enables them to service their larger customers.

During the last legislative session a bill was introduced to get the Bank of North Dakota involved in a small way ($3,000,000) in solar energy loans for residences. The bill failed. However, I have attended a special Regional Business and Financial Services to Develop Solar Energy Technology Transfer meeting. We expect to be involved in financing solar energy in North Dakota in the years ahead.

The Bank also serves as Trustee and Paying Agent for bond issues of the Institution of Higher Education in the State and further serves as

Trustee for the North Dakota Public Retirement System and manages several State Trust Funds, whose assets are approximately $160,000,000. In North Dakota, in 1976, we placed $6.5 million of FHA insured home mortgages in one of our state trust funds. Today, that market is off somewhat, but when it is right again, we may place more mortgages in these funds. All of these mortgages were purchased from, and are being serviced by, local banks and savings & loan associations. They are a good investment, yielding as much or more than out-of-state corporate bonds of the same average maturity. This investment helped the housing situation in North Dakota. It is an example of "Public money for public good!"

The Bank of North Dakota somewhat resembles a "little Fed," since we are the clearing bank for many of the institutions in North Dakota. The Bank of North Dakota has processed as high as 213,000 items (checks) a day and all of the 173 banks maintain an account with the Bank. Their combined balance averages in excess of $20,000,000 per day.

The success of the Bank of North Dakota may be summed up by the Bank's philosophy which is, "I. To encourage and promote Agriculture, Commerce, and Industry in North Dakota. II. To provide the most efficient and economical financial services to the State, its Agencies, and Instrumentalities. III. To provide professional assistance whenever possible and wherever it will encourage and promote the well-being and advancement of North Dakota and its citizens."

The growth and soundness of the Bank of North Dakota is a tribute not only to those who conceived it and to those who have operated it, but to all North Dakotans who have benefited from the services of such an institution. The citizens of the State of North Dakota take great pride in the philosophies and soundness of the Bank.

A bank owned, operated by and for the people of a state, will not be a panacea for all of a state's economic and social problems. However, it can be of great help in alleviating many of these problems and can give leadership and financial input in isolated and special areas. I believe a state-owned bank would be a good asset for any state, and particularly to the smaller states.

I understand you will have testimony against starting a state owned bank. Let me comment on some of the usual arguments against a state owned bank:

It concentrates credit in one area - not true! The bank serves the entire state, working through other financial institutions. There is no concentration of loans in any one area.

It invests funds out of state, such as government bonds - only to the extent necessary to provide for its liquidity needs. In the past, loan demand has been increasing and we expect it to continue to increase. We presently are about 65% loaned up.

To be profitable, a state owned bank would have to compromise its purpose of advancing "socially desirable programs" - not so! We point to our record of student loans, housing loans, farm ownership loans, and municipal bond underwriting as accomplishing "socially desirable goals" and we are still more profitable than any bank in the country.

The Bank pays no taxes - We pay more into the State Treasury, as a percentage of profits, than any bank would pay in combined taxes and dividends. If you believe banks are paying large amounts into your state treasury, then I suggest you check the records. We, the Bank of North Dakota, pay more than 7 times the amount paid by all banks and savings and loans combined in North Dakota in taxes to the state. In no way could the financial community make this up, if the Bank of North Dakota dispersed its deposits to the other institutions.

The Bank has lower expenses - True! Because of public funds having to be deposited in the bank, low occupancy expenses (we don't need the biggest, tallest, newest, most opulent building in town), little or no advertising, no giveaways (no matter how cold it has been in North Dakota, we have never given away a blanket!) and state employees wage scales. To be fair, a state-owned bank must pay competitive interest rates on time money, and the Bank of North Dakota does.

Abuse of lending authority because of political control - 1 believe this danger is over stated. It has never been a problem in North Dakota. Of course, we have open meeting laws. If you have a broad based board, of both public officials and representatives of the private sector, I don't see how you could have a problem.

Not able to keep capable management If you keep partisan politics out of the bank and pay

adequately, there are no problems in keeping capable management.

With the exception of the Bank of North Dakota, state-owned banks have been tried and didn't work out! - There were various reasons for the failure or discontinuance of these various experiences. Perhaps, at some time in history, the need for a state-owned bank was not necessary in some states at a certain time period. The question being concerned in Ohio today is, "Does Ohio need a state owned bank?"

A state owned bank is a form of "credit allocation." - True, public money for public good - what's wrong with that?

It eliminates the need for "pledging" by other banks against public deposits and weakens the market for tax exempt securities in a state. - The state-owned bank would be a market for a state's political subdivision securities. We have improved our market and I believe your proposed bank would do the same.

It can do what other banks can't do. True, that's why you want a state owned bank.

Not bound by Regulation Q - This isn't so in North Dakota. The law specifies that we can only pay rates that other banks are authorized to pay and North Dakota law refers specifically to the rates allowed by banks that are members of the Federal Reserve System. This could be included in your law, but I don't recommend that it be. From a practical experience, the proposed bank would probably only pay what other banks pay. Incidentally, in 1978 the State Treasurer had an average of almost 94% of his funds in interest bearing deposits with us and only 6% in interest free demand deposits.

Salaries of the executive officers would be higher than state officials - So what? If you are under-paying your elected officials, that's no argument about the merits of a state-owned bank.

Members of the Committee, I know a state-owned bank works in North Dakota. I am confident it would work in Ohio. It would help your state and its citizens.

Thank you for allowing me to visit with you. I would be happy to answer questions.

TEN

"The behavior of the Christian remnant at this juncture," states Professor Revilo P. Oliver in his monumental book, Christianity and the Survival of the West, "and the extent of its ability to subordinate religious emotions to the grim task of racial survival, will be a datum to be considered if you try to guess whether the future holds for us more than a day in which the crucial questions will have been definatively answered - when Americans will have been the only people in history compulsively and yet knowingly to commit suicide, and when all that is left of them will lie forgotten in dishonored tombs."

CONFLICT MANAGEMENT*

ROLE OF THE TRILATERAL COMMISSION

As we enter the eighties, the international power brokers have managed once again to propel the world into a violent encounter which threatens to grow beyond the bounds of Iran and Afghanistan and possibly involve the whole world, as occurred in 1914-18 and again in 1939-45. "It's Cold War Again," blared the front page headline of the London Daily Mirror, a tabloid that is bought by nearly 4 million people every day. The paper claimed that a cold war between the West and the Soviet Union had begun because of the Soviet invasion of Afghanistan and President Carter's threat that the West's response was going to involve more than notes of protest.

There is, of course, the greater danger, that this cold war could evolve into a hot war between superpowers, because of the generally unsettled condition, not just in that part of the world, but in all parts of the world, due to economic upheavals and financial and energy crises brought on by the international power brokers. In the troubled Middle East there is the constant confrontation between immigrating Israelis and indigenous Arabs. Also, Iran is under mob rule with no responsible government; Turkey is in turmoil with terrorism and Shiite rebellion ever present; Pakistan is trembling between Moslem theocracy and authoritarian autocracy. Devoid of propaganda, there is one hard fact which must be understood: The Soviet Union has always demanded that all of its neighboring nations have what it considers to be "stable governments." It used this argument in taking over Latvia, Estonia, Poland, East Germany and the nations of Eastern Europe. It once invaded Iran on this same pretext, but our government under President Eisenhower was not as patient as our government under President Carter, and the Soviets retired from Azerbaijan, not a shot having been fired. Now, however, two of Russia's neighbors do not have "stable" governments: Iran and Afghanistan. Regarding Iran, there is a deal in the works, a deal concerning Iranian oil for Russia, and Iranian millions for the International Bankers. So Iran can

*By Don Bell, Don Bell Reports, 4 Jan. 1980, Member, Council of Advisors, CRC.

wait. But, to create a greater atmosphere of crisis (which is expedient for the international power brokers), an invasion of Afghanistan seemed appropriate. Under the excuse of creating a "stable" government in Afghanistan, Moscow had put one of its own puppets in as dictator. But he wasn't able to quell the disturbances made by the minority dissidents. So the Soviets sent some 45,000 troops in to occupy the land and to install another Communist puppet who would "maintain stability," even if it took half a million Soviet troops to do it.

But now comes the next step in crisis creation: When Afghanistan is a part of the Soviet bloc, then the next neighbor with an "unstable government" will be Pakistan. Now, ever since the time of Czar Peter the Great, Russia has had a dream - a dream of having a land corridor from Russia proper all the way to the Arabian Sea, and thus a gateway into the Indian Ocean. So, Russia wants not just Afghanistan, but Pakistan as well. And the West has promised to protect Pakistan, just as Western Europe promised to protect Poland in 1939 and thus causing World War II. In fact, AP reported on Dec. 31, 1979: "National Security Adviser Zbigniew Brzezinski said Sunday that the United States has assured Pakistan of U.S. aid - including the use of armed force - should the Soviet action in Afghanistan widen to include that neighboring nation."

But why such an about face on the part of Carter and the Trilateralists? From friendly collaboration with the Communists to threats of possible military confrontation within just a few days? Ben Barker, editor of Survival Manual, has this answer: with the international power brokers "wars are the trump card in their stacked deck and it is the one that is played when the populace is getting out of hand. The chaos precipitated by war of necessity brings about the repressive controlled environment that power brokers thrive upon." (Quoted from The Middle Class Survival Manual, 500 Espalanda Drive, Suite 1520, Oxnard CA 93030). In other words, because of general unrest and chaos and the fear that the populace is getting out of hand, it was planned this way!

"In governing the populace, unrest cannot be averted. Therefore, it must be channeled and cultivated." This is the creed of Big Brother, fictional dictator in George Orwell's book, 1984, originally published in 1948. To channel this unrest that cannot be averted, the world is divided into three Regional Governments, three Superpowers that exist in a state of permanent war with each other in varying combinations. To "channel the unrest," Oceania (the Western World) sometimes is allied with Eastasia (the Eastern World) against Eurasia (the Third World, including Red China). Sometimes Oceania is allied with Eurasia against Eastasia. Sometimes Eurasia and Eastasia find a common enemy in Oceania. And so on. Thus, by maintaining permanent war, the unrest of the populace is channeled (loyalty, patriotism, united effort, moral equivalent to war, etc.). To cultivate unrest, each superpower is governed by four ministries; a Ministry of Peace which conducts war; a Ministry of Plenty which regulates the manufacture and distribution of goods; a Ministry of Love which directs espionage, terror and hate; and a Ministry of Truth which keeps "truth" up to date. Over all stands Big Brother who sees all, knows all, who must be loved by all while everybody must hate everybody else.

This is 1980, not yet 1984, at least not by calendar reckoning. But now there is great unrest among the peoples of the world; economic, political, religious, ethnic, social unrest. There are revolutions, rebellions, attacks upon embassies and holy places, kidnappings and sometimes murder of hostages, invasion of whole countries. Terror is epidemic, law is laughed at. In short, there is great unrest and since "unrest cannot be averted," it must be channeled, and cultivated!

War is the way unrest has always been channeled, from the time of Cain to the time of Big Brother. And it would seem that the International Power Brokers have utilized this strategy from the very beginning. Therefore, as States and Empires began to develop in Europe and the New World, they began the task of building their three Regional Superpowers which they might play one against the other. Triple Entente, Triple Alliance, such were beginnings. But, geopolitics required global governments. First, the international power brokers set about developing a Western Alliance, which must include the United States as its leader. But there was Washington's advice concerning intercourse with other nations, backed up by the Monroe Doctrine. These had to be discarded, and the United States built into a global power. This was our "Manifest Destiny," and there came an arranged war with Spain, Teddy Roosevelt's

negotiation of peace between warring Russia and Japan, his "big stick" display of the United States Navy on its world tour. Then, through international agent, Colonel House, President Wilson was induced to involve us in a world war, at the same time promoting a League of Nations. The work of constructing a first World Superpower was completed with the creation of the Atlantic Alliance in which the United States would be the leader.

Meanwhile, the creation of the second Regional Superpower was underway. A Bolshevik conquest of Imperial and Christian Russia was financed by the International Power Brokers. M.M. Warburg of Germany made millions available to Lenin and his band of revolutionaries, arranged for their safe passage into Russia. In New York City Jacob Schiff, partner and brother-in-law of Warburg, contributed a known $20 million. Leon Trotsky, living in luxury with an excellent apartment, rent paid three months in advance, traveling in a chauffered limousine, suddenly was given $10,000 pocket money, and an American passport supplied by the intervention of Woodrow Wilson. He traveled to Canada, then to Russia to join Lenin, openly declaring his determination to "carry forward" the revolution.

The international power brokers then proceeded to develop Communist Russia into a Superpower. From 1919 onward, each time the Communist dictatorship was about to fail, aid was rushed to Lenin, Stalin, Khrushchev or Brezhnev, from the West, especially from the United States. It might be said that World War I was fought to create a Communist State, and World War II was fought to expand that Communist State into a Superpower and a Regional World Government (Eastasia?).

As an example of how Monopoly Capitalism promoted International Communism - an example which is pertinent because it concerns oil as does today's crisis in Iran - the following article appeared in The Washington Observer of Sept. 15, 1974:

> During the Korean War and the recent Vietnam War, Soviet Russia, whose oilfields, except for a few very minor ones on Sakhalin Island, are too remote, was unable to supply the Communist satellite countries in the Far East across more than 20,000 miles of ocean. So the Soviets went shopping on the international oil market and made a deal with the world oil cartel to provide most of the liquid fuels for the Communist war machines in Korea and Vietnam. To supply the oil, the Rockefeller interests used mainly the Arabian-Amercian Oil Company (ARAMCO), which is jointly owned by Standard Oil of California (30%), Texaco (30%), Standard Oil of New Jersey (30%), and Socony Vacuum (10%).

This occurred while the United States and Communist countries were at war against each other!

But, back to our original theme regarding the creation of three Regional World Governments. Having "Regionalized" and made "Interdependent" the Western World and the Eastern World, now came time for the development of the Third World, the principal part of which would be Communist China. When World War Two was ended, Mao Tse-tung was maneuvered into dictatorial control and the same strategy that was used to build the USSR after World War One, was now used to build the PRC after World War Two. The Rockefeller funded Institute of Pacific Relations laid the groundwork, the CFR-controlled State Department followed through, Kissinger and Nixon completed the framework, and the Orwellian strategy of playing Superpowers, one against the others, could begin in earnest. In the initial stage, Russia and Red China were allied against the United States. Later, PRC spread the report that the US and the USSR were allied against her. Now comes another change in the alternating alliance: It's time for the PRC and the US to be allied against the USSR. Consequently, Russia invades Afghanistan to set the stage for the shift in strategy. The US follows through via Rand Corp. think-tank advising our government to make deals with China against Russia. Comes The New York Times of Jan. 3, 1980 with the news that "The Carter Administration is seeking China's cooperation in measures to shore up Pakistan's defenses against Soviet military pressure possibly including a proposal for an increase of arms sent from both governments to the south Asian country, American officials said today . . ."

In this article from The New York Times of January 3, note the ways in which the United States government is to aid in the development of Red China as a Regional Superpower, and how we

are to be allied with China against Russia, exactly as Orwell predicted over thirty years ago. We quote:

> The (American) officials said that a joint American-Chinese effort to strengthen Pakistan's defenses was one of several steps toward closer security collaboration between Washington and Peking that were likely to be discussed during a visit Secretary of Defense Harold Brown is to make to China. The trip which begins this weekend, had been scheduled several months ago. But in an interview today a senior official said that Moscow's military intervention in Afghanistan had given Secretary Brown's mission 'a new dimension.' Asserting that 'the Soviets have forced us and the Chinese into a posture in which we both see the world in the same way,' the aide said that closer security ties with Peking were viewed by many officials as a principal way the United States could respond to the Soviet actions in Afghanistan . . . In addition to focusing on the immediate situation in Afghanistan, Mr. Brown was likely to discuss longer range forms of security cooperation in Peking, including Western European arms sales to China and possible American exports of military-related technology. (Unquote).

When President Carter took to the TV to announce the return of the cold war against the USSR (we delayed our deadline in case he might say something of great import), there was nary a mention of the budding alliance with Red China against Red Russia. Carter spoke with bitterness but with little authority. His response to the Communist invasion of Islamic Afghanistan was qualified. 17 million tons of grain would not be delivered, but it was cow-feed, not Communist-feed. Russians mustn't go fishing in our waters anymore (the Carribean excluded, we presume). Cultural and economic exchanges might be delayed but the Olympic games would not be boycotted. The shipment of highly technological equipment might be delayed. But, we repeat, no mention was made of the fact that the US is entering into a security alliance with one Communist Regional World Government against another Communist Regional World Government. And George Orwell isn't around to say, "I told you so."

In Conclusion, let us also repeat: In governing the populace, unrest cannot be averted; therefore it must be channeled and cultivated. And threat of war - be it cold war, limited war, controlled war, even world war - is the time-proven way to channel a people's unrest. And this is the strategy chosen by enemies of competitive capitalism, free enterprise, and freedom of choice. We believe that this alliance between Monopoly Capitalism and International Communism is three-pronged. First, there is an economic alliance between the two. This is proved by the fact that Monopoly Capitalists of the West rescue the Communists from total oblivion every time their system threatens to collapse. Secondly, there is an ideological compatibility in that both seek to destroy competition and control the total market, including manpower. Thirdly, both share the mutual conviction that the human race must be molded into a single, monolithic system of world-wide economic, political, and social control.

Against such an enemy, who has been called Big Brother, there is but one sure defense: we must reinstate the Bible and the Constitution as the guiding principles of our Nation. Unless we do this, national collapse seems inevitable.

Speaking in 1973, Don Bell noted the unresisted remolding of America and recorded unheeded warnings.

What we are suggesting is that a highly sophisticated coup d'etat is being staged in these United States, and that the people are unconsciously and unknowingly aiding and abetting the elitists who are destroying our form of government and setting up in its place a new Socialist World Order. People are being told that things are so bad because we need a change, the system must be changed to fit the times.

Of course, any student of history will understand that the real trouble is not with the system, but with the individuals holding positions of power within the system; the fault is with the President, not the Presidency; with the Congressmen, not with the Congress; with the Judges, not with the Courts; with the occupants, not with the offices. It is true that a parasitical growth called bureaucracy has grown like Spanish moss and threatens to strangle our Tree of Liberty. It is also true that corruption and abuse have brought on pollution and putrefaction. But a good house-cleaning is all that is required so long as the

United States Constitution remains as the heart of our civil system, and the Son of God is recognized as our King of Kings. A massive job of Christian Reconstruction is called for; but our need is to clean up the motor, and change the driver, not the vehicle.

And the elitists would have us throw out the office along with the office holder.

Some twenty years ago, one of America's statesman-Senators, William E. Jenner of Indiana, explained the situation existing at that time:

> The noble edifice of constitutional liberty is silently disintegrating into a crumbling ruin . . . this continuous silent disintegration of every policy is due to the most important political fact in the world today. We have in the United States not one center of government, but two. One center I will call the collectivist one-worlders. The other is the legal constitutional government.
>
> The collectivist bloc has been operating now for 20 years. It has the strong root system that comes from 20 years of unhampered growth. The chief characteristic of this collectivist bloc is that it operates above the Constitution and above the law. Its members are carrying out a secret revolutionary purpose, without any attempt to tell the American people what they are doing, or asking their consent.
>
> I say there is irrepressible conflict between this elite which operates above the Constitution and the laws, and the American people, and those members of the Congress, the Courts, and of the Executive Branch, who operate under the Constitution and the law.

Senator Jenner wrote the preceding twenty years ago, and he notes that the conspiracy had then been growing unhampered for a previous twenty years. Now, forty years later (or since the installation of the New Deal), comes time for the next Giant Step. A whole new army of managers and controllers has been trained and prepared for the take-over: political scientists, social scientists, behavioral scientists, change artists, computerized specialists to replace the bungling elected representatives of the people. There is a new "modern" constitution already drafted by the social architects of the Center for the Study of Democratic Institutions; there is also a World Constitution awaiting the next Giant Step of the Conspiratorial Elite.

And Americans, without ever knowing it, will fall for this well planned, highly sophisticated coup d'etat; they will probably never know that it was engineered. They will charge Nixon with the responsibility for the deluge that will follow, in much the same manner that Herbert Hoover will forever bear the responsibility for the Great Depression. It is merely incidental that both Hoover and Nixon were knowledgeable members of the Conspiracy. The more important facts are that Hoover was needed in the White House to bring about a situation that would cause the people to demand a Great Change and welcome in the New Deal; and Nixon was needed in the White House to bring about a situation that would cause the people to demand a Great Change, and then welcome in the well planned New Order of the Ages.

1913, 1933, 1973; years in which the World Elite took great leaps that ushered in whole new forms of control and tightened reign over the people of the United States.

But there is an ominous counterplot in all these engineered schemes: The Great Leap of 1913 was but partially successful, and led to an "escapist" entry into World War I. Likewise, the Great Leap of 1933 was but partially successful and the elitist plotters had to bring about World War II as an escape from total chaos.

Will the Great Leap of 1973 land us in yet another World Conflagration?

THE TRILATERAL COMMISSION

George Orwell's three world superpowers, "Oceania," "Eastasia," and "Eurasia," exist today, governed by The Trilateral Commission, a cabal of international bankers, industrialists and academicians. Below is a membership roster (1978) of this semi-secret world government administration. Decision-making is reserved to the "Secret Government of Monetary Power."

THE TRILATERAL COMMISSION

(As of January 31, 1978)

345 East 46th Street
New York, New York 10017
(212)661-1180

Georges Berthoin European Chairman	Takeshi Watanabe Japanese Chairman
David Rockefeller North American Chairman	Mitchell Sharp North American Deputy Chairman
Egidio Ortona European Deputy Chairman	George S, Franklin Coordinator
Hanns W. Maull European Secretary	Tadashi Yamamoto Japanese Secretary

Charles B. Heck
North American Secretary

NORTH AMERICAN MEMBERS

*I.W. Abel, Former President, United Steelworkers of America

David M. Abshire, Chairman, Georgetown University Center for Strategic and International Studies

Gardner Ackley, Henry Carter Adams University Professor of Political Economy, University of Michigan

Graham Allison, Dean, Public Policy Program, John F. Kennedy School of Government, Harvard University

Doris Anderson, Former Editor, Chatelaine Magazine

John B. Anderson, House of Representatives

Anne Armstrong, Former U.S. Ambassador to Great Britain

J. Paul Austin, Chairman, The Coca-Cola Company

George W. Ball, Senior Partner, Lehman Brothers

Michel Belanger, President, Provincial Bank of Canada

* Robert W. Bonner, Q.C., Chairman, British Columbia Hydro

John Brademas, House of Representatives

Andrew Brimmer, President, Brimmer & Company, Inc.

William E. Brock, III, Chairman, Republican National Committee

George Bush, Former Director of Central Intelligence; former Chief of U.S. Liaison Office in Peking

Claude Castonguay, President, Fonds Laurentien; Chairman of the Board, Imperial Life Assurance Company, former Minister in the Quebec Government

Sol Chaikin, President, International Ladies Garment Workers Union

William S. Cohen, House of Representatives

* William T. Coleman, Jr., Senior Partner, O'Melveny & Myers; former Secretary of Transportation

Barber B. Conable, Jr., House of Representatives

John Cowles, Jr., Chairman, Minneapolis Star & Tribune Co,

Alan Cranston, United States Senate

John C. Culver, United States Senate

Gerald L. Curtis, Director, East Asian Institute, Columbia University

Lloyd N. Cutler, Partner, Wilmer, Cutler & Pickering

John C. Danforth, United States Senate

Louis A. Desrochers, Partner, McCuaig and Desrochers, Edmonton

Peter Dobell, Director, Parliamentary Centre for Foreign Affairs and Foreign Trade, Ottawa

Hedley Donovan, Editor-in-Chief, Time Inc.

Claude A. Edwards, Member, Public Service Staff Relations Board; former President, Public Service Alliance of Canada

Daniel J. Evans, President, The Evergreen State College; former Governor of Washington

Gordon Fairweather, Chief Commissioner; Canadian Human Rights Commission

Thomas S. Foley, House of Representatives

George S. Franklin, Coordinator, The Trilateral Commission; former Executive Director, Council on Foreign Relations

Donald M. Fraser, House of Representatives

John H. Glenn, Jr., United States Senate

Philip M. Hawley, President, Carter Hawley Hale Stores, Inc.

THE TRILATERAL COMMISSION (Cont.)

Walter W. Heller, Regents' Professor of Economics, University of Minnesota
William A. Hewitt, Chairman, Deere & Company
Carla A. Hills, Cochairman, Alliance to Save Energy; former Secretary of Housing and Urban Development
Alan Hockin, Executive Vice President, Toronto-Dominion Bank
James F. Hoge, Jr., Chief Editor, Chicago Sun Times
Hendrik S. Houthakker, Henry Lee Professor of Economics, Harvard University
Thomas L. Hughes, President, Carnegie Endowment for International Peace
*Robert S. Ingersoll, Deputy Chairman of the Board of Trustees, The University of Chicago; former Deputy Secretary of State
D. Gale Johnson, Provost, The University of Chicago
Edgar F. Kaiser, Jr., President and Chief Executive Officer, Kaiser Resources Ltd.
Michael Kirby, President, Institute for Research on Public Policy, Montreal
Lane Kirkland, Secretary-Treasurer, AFL-CIO
*Henry A. Kissinger, Former Secretary of State
Sol M. Linowitz, Senior Partner, Coudert Brothers; former Ambassador to the Organization of American States
Winston Lord, President, Council of Foreign Relations
*Bruce A. MacLaury, President, The Brookings Institution
Paul W. McCracken, Edmund Ezra Day Professor of Business Administration, University of Michigan
Arjay Miller, Dean, Graduate School of Business, Stanford University
Lee L. Morgan, President, Caterpillar Tractor Company
Kenneth D. Naden, President, National Council of Farmer Cooperatives
*Henry Owen, Director, Foreign Policy Studies Program, The Brookings Institution
David Packard, Chairman, Hewlett-Packard Company
Gerald L. Parsky, Partner, Gibson, Dunn & Crutcher; former Assistant Secretary of the Treasury for International Affairs
William R. Pearce, Vice President, Cargill Incorporated
Peter G. Peterson, Chairman, Lehman Brothers
Edwin O. Reischauer, University Professor and Director of Japan Institute, Harvard University; former U.S. Ambassador to Japan
*Charles W. Robinson, Vice Chairman, Blyth Eastman Dillon & Co.; former Deputy Secretary of State
*David Rockefeller, Chairman, The Chase Manhattan Bank, N.A.
John D. Rockefeller, IV, Governor of West Virginia
Robert V. Roosa, Partner, Brown Bros., Harriman & Company
*William M. Roth, Roth Properties
William V. Roth, Jr., United States Senate
John C. Sawhill, President, New York University; former A dministrator, Federal Energy A dministration
Henry B. Schacht, President, Cummins Engine Company
*William W. Scranton, Former Governor of Pennsylvania; former U.S. Ambassador to the United Nations
*Mitchell Sharp, Member of Parliament; former Minister of External Affairs
Mark Shepherd, Jr., Chairman, Texas Instruments Incorporated
Edson W. Spencer, President and Chief Executive Officer, Honeywell Inc.
Robert Taft, Jr., Partner, Taft, Stettinius & Hollister
Arthur R. Taylor
James R. Thompson, Governor of Illinois
Russell E. Train, Former Administrator, Environmental Protection Agency
Philip H. Trezise, Former Assistant Secretary of State for Economic Affairs
Paul A. Volcker, President, Federal Reserve Bank of New York
Martha R. Wallace, Executive Director, The Henry Luce Foundation, Inc.
Martin J. Ward, President, United Association of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada
Glenn E. Watts, President, Communications Workers of America
Caspar W. Weinberger, Vice President and General Counsel, Bechtel Corporation
George Weyerhaeuser, President and Chief Executive Officer, Weyerhaeuser Company
Marina v.N. Whitman, Distinguished Public Service Professor of Economics, University of Pittsburgh
Carroll L. Wilson, Mitsui Professor in Problems of Contemporary Technology, Alfred P. Sloan School of Management; Director, Workshop on Alternative Energy Strategies, MIT

THE TRILATERAL COMMISSION (Cont.)

T.A. Wilson, Chairman of the Board, The Boeing Company

*Executive Committee

Former Members in Public Service

Lucy Wilson Benson, Under Secretary of State for Security Assistance
W. Michael Blumenthal, Secretary of the Treasury
Robert R. Bowie, Deputy to the Director of Central Intelligence for National Intelligence
*Harold Brown, Secretary of Defense
*Zbigniew Brzezinski, Assistant to the President for National Security Affairs
*Jimmy Carter, President of the United States
Warren Christopher, Deputy Secretary of State
Richard N. Cooper, Under Secretary of State for Economic Affairs
Richard N. Gardner, U.S. Ambassador to Italy
Richard Holbrooke, Assistant Secretary of State for East Asian and Pacific Affairs
Walter F. Mondale, Vice President of the United States
Jean-Luc Pepin, P.C., Cochairman Task Force on Canadian Unity
Elliot L. Richardson, U.S. Ambassador at Large with Responsibility for UN Law of the Sea Conference
Gerard C. Smith, U.S. Ambassador at Large for Non-Proliferation Matters
Anthony M. Solomon, Under Secretary of the Treasury for Monetary Affairs
Cyrus R. Vance, Secretary of State
Paul C. Warnke, Director, U.S. Arms Control and Disarmament Agency; Chief Disarmament Negotiator
Andrew Young, U.S. Ambassador to the United Nations

EUROPEAN MEMBERS

*Giovanni Agnelli, President, FIAT
*P. Nyboe Andersen, Chief General Manager, Andelsbanken A/S; former Danish Minister for Economic Affairs and Trade
Piero Bassetti, Chamber of Deputies, Rome
*Georges Berthoin, Former Chief Representative of the Commission of the European Communities to the United Kingdom
*Kurt Birrenbach, President, German Foreign Policy Association; President, Thyssen Stiftung
*Henrik N. Boon, Former Dutch Ambassador to NA TO and Italy
Guido Carli, President, Confmdustria; former Governor, Bank of Italy
Jean-Claude Casanova, Professor of Political Science, Institute of Political Studies, Paris
Willy de Clercq, Chairman, Party for Freedom and Progress, Belgium
Umberto Colombo, Director-General, Research & Development Divsion, Montedison
Guido Colonna di Paliano, Former President, La Rinascente; former Member of the Commission of the European Communities
Francesco Compagna, Chamber of Deputies, Rome
Michel Crepeau, Member, French National Assembly; Mayor of La Rochelle
The Earl of Cromer, Advisor to Baring Bros. & Co., Ltd; former British Ambassador to the United States
Michel Debatisse, Chairman of the French National Farmers Union
*Paul Delouvrier, Chairman, French Electricity Board
Barry Desmond, Member of Lower House, Irish Republic
Jean Dromer, President Directeur General, Banque Internationale pour lAfrique Occidentale
Francois Duchene, Director, Centre for Contemporary European Studies, University of Sussex
G. Eastwood, General Secretary, Association of Patternmakers & Allied Craftsmen, London
Horst Ehmke, Deputy Chairman, Parliamentary Fraction of Social Democratic Party, Federal Republic of Germany; former Minister of Justice
Pierre Esteva, Administrates Directeur General Union des Assurances de Paris
M. H. Fisher, Editor, Financial Times
Garret Fitzgerald, Leader of Fine Gael Party; former Foreign Minister of Ireland
Rene Foch, Member of Executive Committee, Parti des Republicans Indepedants
Francesco Forte, President, Tescon, S.p.A., Rome
Jacques de Fouchier, President, Compagnie Financierre de Paris et des Pays-Bas
'Michel Gaudet, President, Federation Frnncaise des Societes dAssurances
Sir Reay Geddes, Chairman, Dunlop Holdings, Ltd.
Giuseppe Glisenti, President, La Rinascente
Ronald Grierson, Director, General Electric Co., Ltd.
Lord Harlech, Chairman, Harlech Television; former British Ambassador to the United States

THE TRILATERAL COMMISSION (Cont.)

Hans Hartwig, President, German Association for Wholesale and Foreign Trade
Bernard Hayhoe, Member of British Parliament
Jozef P. Houthuys, Chairman, Belgian Confederation of Christian Trade Unions
Ludwig Huber, President, Bayerische Landesbank
Horst K. Jannott, Chairman, Board of Directors, Munich Reinsurance Society
Daniel E. Janssen, Administrates Delegue et Directeur General, Belgian Chemical Union
Hans-Jurgen Junghans, Member of the Bundestag
Karl Kaiser, Director, Research Institute of the German Society for Foreign Policy
Sir Kenneth Keith, Chairman, Rolls Royce Ltd.
Henry Keswick, Chairman, Matheson & Company, Ltd.
Michael Killeen, Managing Director, Industrial Development Authority of the Irish Republic
Sir Arthur Knight, Chairman, Courtaulds. Ltd.
*Max Kohnstamm, Principal, European University Institute, Florence
Erwin Kristoffersen, Director, International Division, German Federation of Trade Unions
*Baron Leon Lambert, President, Compagnie Bruxelles Lambert pour la Finance et {'Industrie
Arrigo Levi, Director, La Stampa, Turin
Mark Littman, Deputy Chairman, British Steel Corporation
Richard Lowenthal, Professor Emeritus, Free University of Berlin
*Roderick MacFarquhar, Member of British Parliament
Robert Marjolin, Former Vice President of the Commission of the European Communities
Roger Martin, President, Compagnie Saint-Gobain Pont-a-Mousson
Reginald Maudling, Member of British Parliament; former Cabinet Minister
Cesare Merlini, Director, Institute for International Affairs, Rome
Thierry de Montbrial, Professor of Economics, Eco/e Polytechnique, Paris
Alwin Munchmeyer, Chairman of the Board, Bank Schroder, Munchmeyer, Hengst & Co.; President, German Banking Federation
Preben Munthe, Professor of Economics, Oslo University; Official Chief Negotiator in Negotiations between Labor Unions and Industry
Dan Murphy, Secretary-General of the Civil Service Executive Union, Dublin
Karl-Heinz Narjes, member of the Bundestag
Friedrich A. Neuman, Chairman, State Association, Industrial Employers Societies, North-Rhine Westphalia
*Egidio Ortona, President, Honeywell Information Systems, Italia; former Italian Ambassador to the United States
Bernard Pagezy, President Directeur General, Societes d'Assurances du Groupe de Paris
Sir John Pilcher, Former British Ambassador to Japan
Jean Rey, Ministre dEtat; Chairman, Sojlna; former President of the Commission of the European Communities
Julian Ridsdale, Member of British Parliament; Chairman, Anglo-Japanese Parliamentary Group
Sir Frank Roberts. Advisory Director, Unilever Ltd.; Advisor on International Affairs, Lloyd's of London; former British Ambassador to Germany and the Soviet Union
*Mary T. W. Robinson, Member of Senate, Irish Republic
Lord Roll, Chairman, S.G. Warburg and Co., Ltd.
John Roper, Member of British Parliament
Francois de Rose, Ambassadeur de France; Presi dent Directeur General, Societe Nouvelle Pathe Cinema
Baron Edmond de Rothschild, President, Compagnie Financiere Holding, Paris
lvo Samkalden, Former Mayor of Amsterdam
John C. Sanness, Director, Norwegian Institute of International Affairs
W. E. Scherpenhuijsen Rom, Chairman, Board of Directors, Nederlandsche Middenstandsbank, N.V.
Gerhard Schroder, Member of the Bundestag; former Foreign Minister of the Federal Republic of Germany
Erik Seidenfaden, Directeur de la Fondation Danoise, Institut Universitaire International de Paris
Federico Sensi, President, INGENS, S.p.A.
Roger Seydoux, Ambassadeur de France; President, Banque de Madagascar et des Comores; President, Fondation de France
Lord Shackleton, Deputy Chairman, Rio Tinto-Zinc Corporation Ltd., London
Andrew Shonfield, Director, Royal Institute of International Affairs
Hans-Gunther Sohl, Chairman of the Board, August Thyssen Hutte A.G.
Theo Sommer, Editor-in-Chief, Die Zeit

Myles Staunton, Member of Senate, Irish Republic
G. R. Storry, St. Antony's College, Oxford (Far East Center)
John A. Swire, Chairman, John Swire and Sons, Ltd.
*Otto Grieg Tidemand. Shipowner; former Norwegian Minister of Defense and Minister of Economic Affairs
A.F. Tuke, Chairman, Barclays Bank International Ltd.
Heinz-Oskar Vetter, Chairman, German Federation of Trade Unions
Paolo Vittorelli, Director, Avanti; former Member of Italian Parliament
Sir Frederick Warner, Director, Guinnes Peat Group Ltd.; former British Ambassador to Japan
Luc Wauters, Chairman, Kredietbank, Brussels
Edmund Wellenstein, Former Norwegian Director General for External Affairs, Commission of the European Communities
Kenneth Whitaker, Member of Senate, Irish Republic; former Governor of the Central Bank of Ireland
Alan Lee Williams, Member of British Parliament
Otto Wolf von Amerongen, President, Otto Wolff A.G.; President, German Federation of Trade and Industry
*Sir Philip de Zulueta, Chairman, Antony Gibbs Holdings Ltd.

* Executive Committee

Former Members in Public Service

Svend Auken, Minister of Labor, Denmark
Raymond Barre, Prime Minister and Finance Minister, French Republic
Herbert Ehrenberg, Minister of Labor and Social Affairs, Federal Republic of Germany
Marc Eyskens, Belgian State Secretary for Flemish Regional Economy
Otto Graf Lambsdorff, Minister of Economics, Federal Republic of Germany
Jean-Philippe Lecat, Presidential Spokesman, French Republic
Evan Luard, Parliamentary Under Secretary of State for the British Foreign Office
Michael O'Kennedy, Minister for Foreign Affairs, Irish Republic
Henri Simonet, Foreign Minister of Belgium
Thorvald Stoltenberg, Secretary of State, Norwegian Ministry of Foreign Affairs
Olaf Sund, Senator for Labor and Social Affairs, Land Government of Berlin

JAPANESE MEMBERS

Isao Amagi, Advisor to the Minister of Education; former Vice Minister of Education
Yoshiya Ariyoshi, Chairman, Nippon, Yusen Kaisha
Shizuo Asada, President, Japan Air Lines
Yoshishige Ashihara, Chairman, Kansai Electric Power Company, Inc.
Toshiwo Doko, President, Japan Federation of Economic Organizations (Keidanren)
JunEto, Professor, Tokyo Institute of Technology
Shinkichi Eto, Professor of International Relations, Tokyo University
*Chujiro Fujino, Chairman, Mitsubishi Corporation
Shintaro Fukushima, President, Kyodo News Service
Noboru Gotoh, President, TOKYU Corporation
Toru Hagiwara, Advisor to the Minister of Foreign Affairs; former Ambassador to France
Nihachiro Hanamura, Vice President, Japan Federation of Economic Organizations (Keidanren)
Sumio Hara, Chairman, Bank of Tokyo, Ltd.
*Yukitaka Haraguchi, Chairman, Central Executive Committee, All Japan Federation of Metal Mine Labor Unions
Norishige Hasegawa, President, Sumitomo Chemical Company, Ltd.
Teru Hidaka, Chairman, Yamaichi Securities Company, Ltd.
Gen Hirose, President, Nihon Insurance Co., Ltd.
Hideo Hori, President, Employment Promotion Projects Corporation
*Takashi Hosomi, Advisor, Industrial Bank of Japan
Shozo Hotta, Chairman, Sumitomo Bank, Ltd.
Hosai Hyuga, Chairman, Sumitomo Metal Industries, Ltd.
Shinichi Ichimura, Professor of Economics, Kyoto University
Yoshizo Ikeda, President, Mitsui & Co., Ltd.
Hiroki Imazato, Chairman, Nippon Seiko, K.K.
Yoshihiro Inayama, Chairman, Nippon Steel Corporation
Kaoru Inouye, Chairman, Dai-Ichi Kangyo Bank, Ltd.
Rokuro Ishikawa, Executive Vice President, Kajima Corporation

THE TRILATERAL COMMISSION (Cont.)

Tadao Ishikawa, Professor, Department of Political Science, Keio University
Joji Itakura, President, The Mitsui Bank, Ltd.
Yoshizane Iwasa, Chairman, Japan-U.S. Economic Council
Motoo Kaji, Professor of Economics, Tokyo University
Fuji Kamiya, Director, Institute of Modern International Relations, Keio University
Yusuke Kashiwagi, President, Bank of Tokyo, Ltd; former Special Advisor to the Minister of Finance
Koichi Kato, Member of the Diet
Ryoichi Kawai, President, Komatsu, Ltd.
Katsuji Kawamata, Chairman, Nissan Motor Company, Ltd.
Kiichiro Kitaura, President, Nomura Securities Company, Ltd.
Koji Kobayshi, President, Nippon Electric Company, Ltd.
Kenichiro Komai, Chairman, Hitachi, Ltd.
Shinichi Kondo, Former Ambassador to Canada
Fumihiko Kono, Counsellor, Mitsubishi Heavy Industries, Ltd.
Masataka Kosaka, Professor, Faculty of Law, Kyoto University
Fumihiko Maki, Principal Partner, Maki and Associates, Design, Planning and Development
Shigeharu Matsumoto, Chairman, International House of Japan, Inc.
Daigo Miyado, Chairman, The Sanwa Bank, Ltd.
Akio Morita, President, SONY Corporation
Takashi Mukaibo, President, Tokyo University
*Kinhide Mushakoji, Vice Rector, United Nations University; Professor of Political Science, Sophia University
Norihiko Nagai, Executive Director, Mitsui O.S.K. Lines
Yonosuke Nagai, Professor of Political Science, Tokyo Institute of Technology
Shigeo Nagano, President, Japan Chamber of Commerce and Industry
Eiichi Nagasue, Member of the Diet
Nobuyuki Nakahara, Managing Director, Toa Nenryo Kogyo, K.K.
Toshio Nakamura, President, Mitsubishi Bank, Ltd
Ichiro Nakayama, President, Japan Institute of Labor
Sohei Nakayama, Counsellor, Industrial Bank of Japan
Akira Ogata, Chief News Commentator, Japan Broadcasting Corporation (NHK)
Yoshihisa Ohjimi, Executive Vice President, Arabian Oil Company, Ltd.; former Vice Minister of International Trade and Industry
*Saburo Okita, President, Overseas Economic Cooperation Fund
*Kiichi Saeki, President, Nomura Research Institute of Technology and Economics
Kunihiko Sasaki, Chairman, Fuji Bank, Ltd.
Yukio Shibayama, President, Sumitomo Shoji Kaisha, K.K
Yoshihito Shimada, President, Takahashi Foundation; former President, Japan Petroleum Development Corporation
Tatsuo Shoda, Chairman, The Nippon Fudosan Bank, Ltd.
Toshisuke Sugiura, President, The Long Term Credit Bank of Japan, Ltd.
*Ryuji Takeushi, Advisor to the Minister for Foreign Affairs; former Ambassador to the United States
Eiji Toyoda, President, Toyota Motor Company, Ltd.
Seiki Tozaki, President, C. Itoh & Co., Ltd.
Seiji Tsutsumi, President, Seibu Department Store, Inc.
Kogoro Uemura, Honorary President, Japan Federation of Economics Organizations (Keidanren)
Tadao Umesao, Director, National Museum of Ethnology
Shogo Watanabe, Chairman, Nikko Securities Company, Ltd.
* Takeshi Watanabe, Chairman, Trident International Finance, Ltd., Hong Kong; former President, Asian Development Bank
Erne Yamashita, Former Vice Minister of International Trade and Industry
Kizo Yasui, Chairman, Toray Industries, Inc.

* Executive Committee

ELEVEN

"A concentrated foreign policy must give way to a complex foreign policy, no longer focused on a single dramatic task such as the defense of the west. Instead we must engage ourselves on the distant and difficult goal of giving shape to a world that has suddenly become politically awakened and socially restless, A wider and more cooperative world system has to include also that part of the world which is ruled by communists. One third of mankind now lives under communist systems and these states have to be assimilated into a wider fabric of global cooperation."

ZB1GN1EW BRZEZ1NSK1,
National Security Council Advisor,
Bonn, Germany

PLOT TO SURRENDER AMERICA

"The revolutionary movement of 1776 to the present day is therefore the work of a continuous conspiracy working for its own ends and against the interests of the people." World Revolution, p 291, by Nesta Webster

Contrary to popular belief the origins of the Russian Revolution are deeply rooted in the French Revolution and even more ancient intrigues.

"The cabalistic roots of revolution," said Colonel Roberts in The Anatomy of a Revolution, "from the French Revolution of the eighteenth century to the pattern of rebellion wracking the American civilization today, lead to the formula for secret societies and subversive movements inspired by Adam Weishaupt. Professor Weishaupt (b. 1748) adapted the principles of nation-wrecking from more archaic conspiracies and formalized a system for world revolution. The aim of the intrigue was, and continues to be, the surreptitious imposition of a world government of self-annointed elite (of mattoids) over the people of every nation."

Concealed from the American people is the secret role of America's financial community in the Russian Revolution - and in subsequent expansion of international communism. Review of these contributions to Soviet Communism does much to explain the contradictions in American foreign policy.

Villains of the Russian agony were the international banking families who financed Trotsky, Lenin and Stalin. The gold was provided in large measure by Jacob Schiff and Solomon Loeb of Kuhn-Loeb and Company; William Rockefeller, National City Bank; John D. Rockefeller, Chase Bank; Paul Warburg, Manhattan Bank, and J.P. Morgan, Morgan Guaranty.

Under the visible leadership of Lev Davidovich Bronstein (alias Leon Trotsky) three hundred trained assassins from the lower east side of New York were spirited into Russia to usurp the (Alexandre Feodorovich) Kerensky Bolshevik Revolution.

Owing allegiance only to their megabank masters these nihilists were ultimately responsible for the liquidation of 12,000,000 Russian citizens.

How the hapless Russian people, now America's designated enemy, were molded into a Soviet armed fist, will be shown later.

Ambivalence of American Foreign policy concerning the Soviet connection, was underlined by Zbigniew Brzezinski, then National Security Council Advisor, during a talk at Bonn, West Germany. Said Mr. Brzezinski:

> A concentrated foreign policy must give way to a complex foreign policy, no longer focused on a single dramatic task such as the defense of the west. Instead we must engage ourselves on the distant and difficult goal of giving shape to a world that has suddenly become politically awakened and socially restless. A wider and more cooperative world system has to include also that part of the world which is ruled by communists. One third of mankind now lives under communist systems and these states have to be assimilated into a wider fabric of global cooperation.

Soviet Communism, a creature of those who plot to surrender America, is an instrument to destroy the existing social order and establish a 'World Government' slave state upon the ruins of the Republic. "The Secret Government of Monetary Power" would then fully control America's resources and production facilities . . . as they do in Russia.

Interlocking subversion in government departments, brought into focus by Dodd, Brzezinski and Walt, is a clear and present danger. Chilling evidence of the manner in which megabankers and multinational industrialists armed a designated 'enemy' is revealed in, "America's Arms Race Against Itself." M. Stanton Evans' article, first published in American Legion Magazine, reveals that the Soviet military juggernaut is structured on American technology and financed by American tax dollars.

This force may be used to bring down the last bastion of freedom - the United States of America.

AMERICA'S ARMS RACE AGAINST ITSELF

Incredibly and to a large extent, the United States is financing the Soviet Union's unprecedented military escalation.

By M. Stanton Evans*

In one of the most incredible stories in the annals of diplomacy, the United States for upwards of a decade has been conducting a lethal arms race against itself.

Evidence accumulated by Congressional investigators makes it increasingly plain that the Soviet Union's recent military build-up, seen as threatening our strategic deterrent and survival, has been powerfully aided by U.S. industry. Numerous elements needed to build the Soviet war machine have been obtained, it now appears, from American and other Western business firms—with the approval of our government.

Among the most vivid examples of this process was the Soviet invasion of Afghanistan in December 1979. When Soviet troops rolled into Kabul to subjugate that hapless nation, they did so in vehicles produced at the enormous Kama River truck plant, built for the Kremlin with the help of 80 U.S. firms and an estimated $350 million worth of our technology.

When completed, Kama River will be the largest truck factory in the world, capable of producing 250,000 heavy-duty trucks annually

---

*M. Stanton Evans is a former chairman of the American Conservative Union. This article, reprinted from Speak Up, P.O. Box 272, Sta B, Toronto, Ontario M5T, 2W2 Canada, originally appeared in American Legion Magazine, October 1981.

(larger than the output of the entire U.S. truck industry), plus 100,000 diesel engines suitable for use in tanks. The plant is being built by free world firms as a result of "peaceful" trade between the East and West.

The Afghan invasion focused attention on something previously known to U.S. intelligence, but usually passed over in public debate: Kama River has been systematically used for military purposes. Six months prior to the invasion, it was known that a substantial part of the 50,000-a-year engine production was being installed in Soviet military trucks, armored personnel carriers and assault vehicles, and that Kama products were on line with Soviet military formations in Eastern Europe.

Kama River is one of dozens of examples of supposedly peaceful trade from U.S. and other Western firms being diverted to military purposes by the Soviets. Such diversion has a long history going back to the 1920s. In his monumental study, "Western Technology and Soviet Economic Development," Anthony Sutton estimates that 90 percent of the advanced technology needed by the Soviets to pursue their military goals has come from the United States and its allies.

In the past decade, this process has vastly accelerated as U.S. administrations have pursued the notions of detente and bridge building with the Soviets. As a result, the United States and other Western nations have been systematically transferring to the Soviets the advanced technology that once provided the West its military "edge" essential to modern warfare.

Miles Costick, president of the Institute for Strategic Trade, which closely monitors such developments, sums up the process this way:

> During the past decade the free world has been the source of much of the Soviet Union's electronic and computer technology and manufacturing 'know how.' Further, the West has supplied the Soviet industrial sector with over $50 billion worth of efficient machine tools, transfer lines, chemical plants, precise instruments and associated technologies . . . Seldom if ever has a country been able, as the Soviet Union has, to persuade the countries against whom most of its military build-up is directed to finance so much of such a build-up.

Among the items traded to Moscow in this span have been laser technology, high-speed computers, semi-conductors, jet-engine technology, advanced radar systems, inertial guidance technology and numerous other items needed to construct a modern military force. Far from applying these to peaceful commercial purposes, the Soviets have systematically used them to build their warmaking potential—a situation that has set alarm bells ringing in Congress and caused Senators Jake Garn (R-UT), William Cohen (R-ME) and Henry Jackson (D-WA) to demand corrective action.

A foremost object of Congressional concern is the Soviets' gigantic SS-18 missile. According to U.S. intelligence, this missile comes equipped with 12 independently targetable warheads (MIRV), accurate enough to seek out and hit our fixed-base Minutemen. If true, this means the SS-18s can destroy a major component of our strategic arsenal.

Considering the fact that the Soviets have historically been backward in the technological areas needed for such weaponry, including computers and miniaturization, how could they have devised such an advanced system? The answer is that we provided it to them. Over the strenuous objections of the Pentagon, we permitted the sale of]64 percision ball-bearing grinders needed to manufacture gyros used in MIRVing—machinery capable of tolerances to a 25th millionth of an inch, far beyond the state of the art available to Moscow or anywhere else outside America. As a result, says Garn:

> Not only have Soviet-MIRVed ICBMs reached accuracies previously undreamed of by U.S. strategic analysts, but all Soviet military systems and equipment requiring precision inertial guidance have also reached a new level of accuracy and sophistication. According to official U.S. government sources, we can expect Soviet advances in other areas as a result of the end products of this ill-fated sale that could be most crucial to the strategic balance, including advances in Cruise missiles and ABM technology. . .

While the SS-18 is the most formidable of military devices apparently made available to the Soviets through technology transfer, there are many other developments in a similar vein injurious to our security interests. While many

aspects of this subject have been mantled in official secrecy, transactions that have come to public view include the following:

• A corporation in the Southwest has sold, either directly or through foreign subsidiaries, 36 array transform processor systems, needed for the development of advanced submarine detection. According to Costick, these systems are now being installed in Soviet ships used in anti-submarine missions and, along with other technologies provided by U.S. firms, are capable of threatening the Trident submarine—another key component of our strategic deterrent.

• Between 1975 and 79, on the estimate of defense specialist Sean Randolph, U.S. computer and electronics firms sold the Soviets $300 million worth of computer and related equipment. Computer technology is essential to ICBM guidance, ABM warfare and numerous other aspects of modern warfare. The Soviet "Ryad" system, used in its ICBM and SLBM programs, is based on IBM 360 and 370 computers illegally diverted into the USSR in the early 1970s. The Kama River truck complex contains an IBM 370 computer. In 1976, Control Data sought to sell the Soviets an even more advanced computer—a transaction halted by an outcry in Congress.

• In 1974, the U.S. government approved the sale to Poland by a French consortium of integrated circuits based on U.S.-licensed technology—miniaturized systems essential to ICBM guidance. These circuits, Costick notes, are typical "dual-use technology," used in pocket calculators, digital watches and TV sets, but also in ICBM guidance and aircraft fire control systems.

• In like fashion, our government approved the sale to Moscow by a Swedish Firm—again using U.S. technology—of the advanced air control system at Vnukovo airport in Moscow. This highly sophisticated system employing computer-guided radar can detect any kind of airborne object and calculate its future flight path with instantaneous accuracy.

• The Soviets also obtained the RB-211 engine used to power wide-bodied jets and well suited to long range bombers. This engine was developed with $300 million in research and development grants from the U.S. government.

• In 1980, the Carter administration approved the sale to Moscow of $144 million worth of technology for developing super-hardened drilling bits for deep oil well drilling, technology that not only could augment the energy potential of the USSR, but also could be transferred to such uses as making armored projectiles.

These data from a burgeoning record would seem to bear out the grim conclusion of Senator Garn that "what remains of our once-vaunted military superiority, on which our national security increasingly depends, is in part being whittled away through a wide variety of technology transfer mechanisms. . . History will show that it was during the so-called period of detente that the Soviet Union began to challenge Western interests on a global scale and mounted its drive for total military superiority over the U.S."

The alleged rationale for this transfer of technology is that it builds bridges of mutual dependence between the U.S. and the USSR, and that as such contacts grow the Soviets will become more reasonable.

In this frame of mind, Western policy makers have accepted assurances that Kama River, though capable of manufacturing military vehicles, would be used for essentially peaceful purposes. And that the advanced Cyber 76 computer, 40 times faster than the computers now being used by the Soviet military, would be applied to "weather analysis" and "earthquake studies."

Such an outlook has never conformed to the reality of Soviet behavior. That the Soviets would gladly divert "dual use" technologies to military purposes should be apparent to anyone familiar with the tenets and performance of Marxism-Leninism. As noted by defense intelligence specialist Jack Verona, the Soviets have the world's largest R&D force—an estimated 800,000 people—working overtime to make the USSR pre-eminent in military power, and bent on absorbing technology and information from the West.

> "The Soviet Union," says Soviet historian Roy Medvedev, "is moving in one direction—toward the strengthening of our military might. . . We are going to overtake the United States, and that is inevitable—our country is a military machine. .. They don't realize that we put everything into rocketry,

that the government does not care about whether or not anything is left over for the population."

The difference in mentality between American theorists of detente and their Soviet partners may be observed in another facet of the process, the exchange of "students" between the U.S. and USSR. Americans in Russia typically study social sciences, liberal arts or cultural subjects (sample topics: "The Heroine in the Russian Fairy Tale" and "Performance Practices in Russian Choral Music in the Late 19th and 20th Centuries"), Soviet "students"—whose average age is 35—come to America and study aircraft design, optics, laser technology and computers.

These "students" and other Soviet visitors to our shores, whose numbers have increased dramatically in the era of detente, show an inordinate interest in technical institutions such as MIT and Cal Tech, scientific laboratories, airplane factories, electronics labs and the like. In one memorable case, Soviet visitors to Lockheed, Boeing and McDonnell Douglas plants wore special shoes that picked up metal filings from the floor—helping them solve a nagging problem in manufacturing alloys.

"Reverse engineering" from American processes and designs is a classic Soviet technique in weapons manufacture. The famous "Strella" missile used by the Communists in Vietnam and employed by Marxist guerrillas around the world was reverse-engineered from the U.S. "Red Eye" missile, obtained by Moscow through a Scandinavian country. Airborne missiles used in Soviet MIGs were similarly reverse-engineered from the U.S. Sidewinder missile.

In addition to the technologies and processes they can obtain through purchase and "student" exchange visits, the Soviets also secure as much as they can through outright espionage and illegal purchases. Last year, the managers of a California optical firm were indicted for exporting sophisticated laser mirrors to the Soviets, technology now being used in the USSR's hunter-killer satellite program.

Such arrests and prosecutions occur because U.S. export law requires the Commerce Department to police—and prevent—the export of materials harmful to our national security interests. The U.S. government is thus in the schizoid position of taking punitive actions against the export of some strategic materials while strenuously encouraging the export of others.

The irony of the situation was aptly symbolized in 1972 when President Nixon announced the blockade of Haiphong Harbor and intensified bombing of North Vietnam to prevent the further influx of Communist men and material in South Vietnam. In support of this action, the Department of Defense released reconnaissance photos showing the Soviet cargo ship Michurin steaming toward Haiphong with dozens of Soviet ZIL trucks on deck, obviously intended for duty on the Ho Chi Minh Trail.

What was not stated was that both the Michurin and the trucks were products of U.S. technology—built for Moscow courtesy of Western industry. We were stepping up our military pressure on the Communists to prevent the use of trucks supplied to them by us. While this was going on, we were simultaneously pressing forward with the Kama River deal to give them still more trucks, later used against Afghanistan.

Illustrating the mentality that has prevailed in some official circles was a 1977 proposal to approve the export of a computer to the ZIL plant. An interagency memo unearthed by this writer spelled out the differing attitudes toward this proposal among the four govenment agencies that participate in reviewing exports.

"Problem is," said the memo, "that a quarter of the 200,000 trucks ZIL produces annually goes to the military, including 100 missile launchers. State and Commerce support approval, on the grounds that U.S. government has licensed exports to it several times during the 1970s, that 100 missile launchers of a 200,000 vehicles annual production is small, and that the remaining trucks for the military are basically no different from heavy duty civilian trucks. Defense and ERDA support denial on grounds that ZIL's military contribution is unacceptably high, and past export approvals should not be dispositive of the instant case."

Also suggesting the outlook that has prevailed

at Commerce in recent years was the official reaction to military use of products from the Kama River truck plant. In May 1979, Lawrence J. Brady, then acting director of the Office of Export Administration, testified that Kama River products were being used for military purposes and that further exports to the plant should be suspended.

Rather than acting on this recommendation, Brady's superiors argued that the Soviets had never actually promised to use Kama River trucks for exclusively civilian purposes and that military use was therefore not "diversion." Rather than cracking down on the Soviets, Commerce cracked down on Brady, relieving him of export duties and in effect forcing him out of the department.

Even in 1980, after a supposed tightening of export controls because of the Afghanistan invasion, Commerce approved the shipment of a diesel-engine assembly line that would have greatly enhanced the productivity of the Kama River plant. As with the Cyber 76, this was halted only by a vigorous protest in Congress. Nor did Commerce make any effort, in the aftermath of the invasion, to block shipments to Eastern Europe-—where they could be easily diverted to the USSR.

A standard justification for such deals—above and beyond the supposed potencies of detente—is that if we don't sell advanced products and technologies to the Soviets, somebody else will. "Foreign availability," in fact, is the main argument used by Commerce to promote relaxed restrictions on exports to the East and push through disputed sales. If the Soviets can get it somewhere else, why shouldn't American firms reap the profits instead?

Such arguments ignore the fact that there is an international structure aimed at preventing strategic exports harmful to the interests of the West that could be utilized to reduce the "foreign availability" problem. This is the Co-ordinating Committee for Multilateral Export Controls—Cocom for short—which includes the NATO allies and Japan, and which is supposed to screen technology transfers to the Eastern bloc.

Since the objection of a single Cocom member can halt a transaction, the United States obviously could use its veto power—not to mention other kinds of leverage—to prevent the flow of critical technologies from our allies to the Soviets. Rather than do this, however, we have done exactly the opposite, using our influence to break down the system of controls. Instead of trying to prevent our allies from seeking exceptions, we have led the way in seeking them ourselves; in recent years an estimated 50 percent of Cocom exemptions have been requested by our government.

With increasing Congressional sensitivity to this problem, there are signs that a change of policy is underway. In the new Commerce Department under President Reagan, Lawrence Brady has been brought back and currently is the Assistant Secretary for Trade Administration. White House national security adviser Richard Allen is known to take a tough-minded view of the issue. Senator Garn and others in Congress are pressing for a much tighter set of controls on strategic exports.

Such moves are all to the good. The evidence is overwhelming that our technology is now arrayed against us in the strategic arms race, posing a deadly threat to our security. That process must obviously be halted. By the same token, however, the fact that the Soviets are so dependent on the products of our industry provides us with potentially enormous leverage in the other direction: by denying them access to our technological advances, while continuing to make strides ourselves, we can go far toward correcting the military balance in our favor.

> "The Soviets," Garn concludes, "have obtained too many of the national security sensitive technologies and commodities that have provided the U.S. with a margin of military safety over the Soviet Union. Only a dramatic change in our export policy, combined with the administrative capability to protect our national security will be sufficient to do the job."

NUCLEAR BLACKMAIL AND WORLD GOVERNMENT*

General Lewis W. Walt addresses a Florida Chamber of Commerce*

Reprinted from The Congressional Record, 15 March, 1978, p E1327.

*Mr. Kelly. Mr. Speaker, Gen. Lewis W. Walt, one of the most respected marines of our time, whose career culminated in the four-star post of Assistant Commandant of the Marine Corps, has continued to serve his country vigorously since his retirement from the corps.

One of the most memorable covers of Life magazine was a picture of General Walt in the thick of the fighting in Vietnam, trying to win an awful war under impossible rules. If anyone could have done it, it would have been Lew Walt—a marine's marine, if there ever was one.

General Walt is no less concerned about what he regards as the challenges to America today. Always a popular speaker at public events, Lew Walt is wading into this battle with all the spirit and determination for which he is famous. He sees an America that needs to be alerted to the movement toward loyalties that transcend national boundaries. This movement would destroy our constitutional freedoms and our representative republican form of government. Implicit in this movement is also the likelihood that our standard of living and prosperity would be divided and reduced by the world government.

When a great leader speaks with earnest concern regarding our Nation's welfare we should at least listen. It is for this reason that I submit for your consideration the recent speech by General Walt before a Chamber of Commerce audience in Florida:

*Hon. Richard Kelly of Florida in the House of Representatives.

Ladies and gentlemen, I am here today, not as a member of the Armed Forces but as a common citizen, an average Amerian. As one who is deeply and alarmingly concerned about the security of our freedoms.

I am here today to speak to you because 1 feel it is my duty and my obligation to my country. More deeply, I feel an obligation to those Americans, whom I have seen sacrifice their lives on the field of battle to preserve our freedoms. I believe our freedoms are in greater jeopardy today than ever before in the history of our nation. We are joined now in a most critical battle to preserve our freedoms. To me it is a continuation of the battles in which our heroic Americans have sacrificed their lives. There are no booming of guns or dropping of bombs but the enemy is real, many faced, insidious and clever, and the results can be just as deadly to our freedoms.

In a democractic Republic, military leaders do not commit their countries to wars. Political leaders initiate the wars and order the military to fight them. The leaders who start the war are never active participants on the field of battle. Personally, on the battlefield as a Marine infantryman, I was always trying to kill my "designated" enemy, because he was trying to kill me. War is "Hell" only for those on the battlefield and for those who have had their loved ones mangled or killed on the field of battle. For those who maneuver us into war, a war is a game in which our young men are pitted against a "designated" enemy in deadly combat.

With the advent of jet aircraft, satellites, atomic powered ships and submarines, instant world-wide communications and nuclear weapons, the nature of war has changed! No longer are the Atlantic and Pacific oceans a shield behind which we can hide from our potential enemies. More important, no longer can the internationalist political leaders hope not to be personally involved in a major conflict because intercontinental nuclear weapons are boundless in death and destruction effects. For this reason, I do not believe international political leaders will ever allow a nuclear conflict. But, I also believe that these same boundless weapons of death and destruction will be used to blackmail nations into submission, submission to a new international order, a "one world" government where the Government will be the master and the people will be the slaves.

I believe that our country, the United States of America, will be the first target. I believe that the stage is now being set for the blackmail action.

How else can we explain:

Why we were not allowed to win the war in Korea or Vietnam—

Why we have given the USSR money, food, materials, and technology to allow them to build up the greatest military power in the world in some respects—

Why we are deserting our friends in Taiwan, South Korea, and South Africa, and at the same time, extending a friendly and helping hand to Cuba, Red China, and other Communist dominated countries—

Why we are trying to give away the Panama Canal when its loss would divide our Naval Forces into two parts—and be a severe blow to the economy of our country—

Why have we deliberately cut back the effectiveness and capability of our Armed Forces by denying them the B-l and other critically needed weapons systems without even requiring a reciprocal reduction of Russian Backfire Bombers—

Why have we denied our nation an anti-aircraft defense, a ballistic missile defense, and a civil defense while the Soviet Union, in direct violation of the intent and spirit of SALT I agreement, has built a civil defense to protect its people and industries and an anti-aircraft and missile defense of enormous proportions.

The Soviet Union has six times more nuclear explosive power in their intercontinental missile warheads than we have. They have nearly four times the number of submarines and twice the number of combat surface ships than we have. For more than ten years, they have had, in their operating forces, several hundred cruise missiles of two hundred miles range which can be fired from both submarine and surface ships and against which we have no proven defense.

As a result of my military training, I have learned to consider only the enemy's capabilities and not his intentions. His intentions can change over night, his capabilities cannot.

Today, the Soviet Union has the capability to control the sea lanes and cut off, either on the sea or at their source, the vital raw materials which our nation must have for its economy and its military readiness. Of the 72 vital materials we need, a part of 66 of them have to be imported. By such a move, our potential enemies could strangle our country economically, close down our industries, throw millions of our people out of work, cause economic chaos in our country which (due to the weakness of our military reserves and national guard—result of no draft) would require a major effort on the part of our regular forces to maintain order.

This then could be a time for nuclear blackmail. With the Soviet Union "armored" (Civil, Anti-Air & Missile Defense) and our Nation naked for the lack of these defenses, the blackmail could force some political leaders to capitulate.

These national and international political leaders have made other preparations for the opportune hour. They have prepared a "Declaration of Interdependence" and a "New States of America" Constitution which would subordinate our Constitution, our Armed Forces and our economy to that of the "One World Government" (The United Nations). Our freedoms as guaranteed by our Constitution would no longer exist. No longer would our people be the power and our Government the servant. The Government would be the master and our people would be the slaves.

Is our position hopeless?

No! Not if our people can be awakened to the military, economic and political threat facing us. However, time is running out! This year's congressional elections are the most critical of our Nation's history. The results will determine whether or not our freedoms will be maintained. I predict, that before too long, those who signed or endorsed the "Declaration of Interdependence," will be telling us that the only way we can save ourselves and other nations from a nuclear holocaust, is to form into a "New World Order" with a one world government. If the average American continues to be misinformed or uninformed or unaware of the blackmail maneuver and the majority of the members of our Congress refuse to stand up against such a threat then our case will be hopeless and the middle class, free enterprise and all other freedoms, we have mistakenly taken for granted, will be only memories.

AMERICAN POLICY AND GLOBAL CHANGE*

"None of the funds appropriated in this title shall be used to pay the United States contribution to any international organization which engages in the direct or indirect promotion of the principle of one-world government or one-world citizenship." —Public Law 495, Section 112, 82d Congress

At this point in our study we have, I believe, clearly defined the terrifying war-making functions of the United Nations Security Council. Now, let us learn something about the international sleight-of-hand which has transferred our soldiers to the United Nations army.

For this part of our search we must turn again to the military articles of the United Nations Charter. Under Article 43, Chapter VII is found the basic "treaty law" for establishing an "Armed United Nations."

> "All members of the United Nations," states Article 43, ""in order to contribute to the maintenance of international peace and security, undertake to make available to the Security Council, on its call and in accordance with a special agreement, or agreements, armed forces, assistance, and facilities, including rights of passage, necessary for the purpose of maintaining international peace and security."[1]

The most cursory examination of Article 43 permits only one conclusion: It is the intent of this article to provide the United Nations with unlimited war-making powers.

Article 43 will wipe national boundaries off the map. It will create an irresistible international army. And it will chain the people of the world to the wheel of a military juggernaut.

We have now arrived at the concealed objective of the United Nations Charter.

Absolute, monolithic world military power is the concealed objective of the United Nations.

However, this monstrous goal cannot be achieved by raw force alone. Force must be preceded by brainwashing, which will condition the population to accept a world military dictatorship. Therefore, the Planners employ Fabian[2] Socialist techniques to accomplish their purpose.

The internationalists, by gradualism and indirection, have made collectivism an acceptable political philosophy. And, through the media of mass propaganda, they have conferred legal status upon illegal acts.

In illustration of this technique, we might recall that on September 1, 1961, the United States Government filed with the U.N. Secretary General a plan for the transfer of our entire military establishment to the United Nations.

Yet—there was no cry of outrage from the Amerian people.

The policy document for surrender is State Department Publication Number 72 77, titled "Freedom From War: The United States Program for General and Complete Disarmament in a Peaceful World."[3]

In it, our State Department calls for ". . . progressive reduction of the war-making capability of the nations and the simultaneous strengthening of international institutions to settle disputes and maintain the peace. . ." Which means, of course, the disarming of the United States and the establishment of a United Nations Army.

Our government now states that we must pluck the deterrent to Communist aggression from the control of American citizens and place our defense forces in the hands of the Communist-dominated U.N. Security Council.

Allegedly acting in the name of the American people, and for the "nations of the world," the U.S. State Department set forth the objectives of their program of general and complete

---

*From Victory Denied by Col. Roberts, 1966.

[1]United Nations Charter, Chapter VII, 'Actions with Respect to Threats to the Peace, Breaches of the Peace, and Acts of Aggression, Article 43.

[2]Fabian. . . In the manner of the Roman general Quintas Fabius Maximus, surnamed Cunctator (delayer) who avoided decisive contests against Hannibal; hence cautious, indirect activities.

[3]Exhibit—"Freedom From War: The United States Program for General and Complete Disarmament in a Peaceful World," State Department Publication Number 7277, September, 1961.

disarmament in a "Declaration on Disarmament" in a world where adjustment to change "takes place in accordance with the principles of the United Nations."

"The Nations of the world," says our State Department, "declare their goal to be the disbanding of all national armed forces and the prohibition of their reestablishment in any form whatsoever, other than those required to preserve internal order and for contributions to a United Nations Peace Force."

"The Nations of the world," says our State Department, are determined to eliminate all armaments, including weapons of mass destruction, "other than those required for a United Nations Peace Force."

"The Nations of the world," says our State Department, will establish an effective International Disarmament Organization within the framework of the United Nations, "to ensure compliance at all times with all disarmament obligations."

"The Nations of the world," says our State Department will institute effective means for the enforcement of international agreements, for the settlements of disputes, and for the maintenance of peace, "in accordance with the principles of the United Nations."[4]

Under this plan, the United States will finance and man a totalitarian U.N. military complex. We, of course, will exercise no control over this international army.

The State Department proposes that the disarmament of the United States and the concurrent build-up of the United Nations army be accomplished in the following three stages:

Stage One: "The States shall develop arrangements in Stage One for the establishment in Stage Two of a U.N. Peace Force."

Stage Two: "During Stage Two, States shall develop further the peace-keeping process of the United Nations to the end that the United Nations can effectively in Stage Three deter or suppress any threat or use of force in violation of the purposes and principles of the United Nations."

Stage Three: "In Stage Three, progressive controlled disarmament and continuously developing principles and procedures of international law would proceed to a point where no state would have the military power to challenge the progressively strengthened U.N. Peace Force."

And there you have it—neatly spelled out by the U.S. State Department: a totalitarian, one-world government—its edicts enforced by an international army.

To implement the U.N. take-over, of course, it is necessary to go through the motions of translating the policy of State Department Publication 7277 into so-called law and to assure brainwashed Americans that this "law" is in their own best interest.

This is the way it was worked.

In the same month that the State Department presented its "Freedom from War" plan to the U.N., the U.S. Congress was pressured into passing Public Law 87-297, "The Arms Control and Disarmament Act"... This Public Law, dated September 26, 1961 established the United States Arms Control and Disarmament Agency.[5]

Among the functions of this agency are the following:

"The preparation for and management of United States participation in international negotiations in the arms control and disarmament field.

"The dissemination and coordination of public information concerning arms control and disarmament."

And . . .

"The preparation for, operation of, or as appropriate, direction of United States participation in such control systems as may become part of United States control and disarmament activities."

Stripped of its deliberately confusing and evasive semantics, the "Arms Control and

[4]"Freedom from War. . .," USS Department of State Publication 7277, page 11.

[5]Exhibit - "The Arms Control and Disarmament Act," Public Law 87-297, 87th Congress, September 26, 1961.

Disarmament Act" purports to confer upon socialistic bureaucrats the authority to destroy our sovereignty in secret international agreements; to propagandize the American people into accepting these felonious acts as being in the best interest of the United States, and to transfer the Armed Forces of America into the United Nations "Control System."

"The so-called Disarmament Act," stated Congressman James B. Utt, "sets up a super-agency with power greater than the power of Congress, which delegated it. The law was almost a duplication, word for word, of a disarmament proposal by the Kremlin in 1959, and so we find ourselves again advancing the Moscow policy. As an example of the power. Section 43 (of the Disarmament Act) provided that the President may, in advance, exempt actions of the Director (U.S. Disarmament Agency) from the provisions of law relating to contracts or expenditures of Government funds whenever he determines that such action is essential in the interest of United States arms control and disarmament and security policy.

"The Disarmament legislation," continued Congressman Utt, "was passed for the purpose of implementing the Department of State Publication 7277, entitled 'Freedom from War—The United States Program for General and Complete Disarmament in a Peaceful World.[1] This little gem from the State Department," he said, "laid out the program for complete disarmament on a three-stage basis, the purpose of which was to reduce the armaments of every nation to almost the zero point, including our own National Guard and to concurrently augment an international peace force under the benevolent guidance of the Communist-dominated United Nations, whose recent, murderous actions in Katanga should make every American shudder at the thought of the U.N. blue helmets enforcing the edicts of U Thant in this Republic. The idea was to reduce our military capability to zero with the exception of a small federal army trained in counterinsurgency to put down civil strife within this country.

"One of the first steps of the Arms Control Agency," said Mr. Utt, "was to recommend the repeal of the Connally Amendment and to make this country completely subservient to the International Court of Justice, The International Court of Justice is about as un-American as possible. It is true that the World Court is not supposed to act on domestic matters, but so does the U.N. Charter provide that the U.N. should not inject itself into domestic matters. Yet, the Congo is living proof that they have no intention of living by the Charter. There is every intention," said Congressman Utt in conclusion, "on the part of the Disarmament Agency to destroy the sovereignty of this nation and put us under the control of international tyranny, and they are moving rapidly in this direction."[6]

Significantly, the U.S. Arm Control and Disarmament Agency published an "Outline of Basic Provisions of a Treaty on General and Complete Disarmament in a Peaceful World" which faithfully reflects State Department Publication 7277. Headlined, "Blueprint for the Peace Race," dated May, 1962, the newly formed Disarmament Agency declared that a United Nations "Peace Force" would be established which would be equipped with "agreed types of armaments" and would be supplied "agreed manpower."[7]

"Blueprint" was to become a major weapon in reorienting the allegiance of United States military personnel to the U.N. banner.

Six months after initial publication the Disarmament Agency "Blueprint" appeared, word for word, in a Department of Defense "Armed Forces Information and Education" publication titled, For Commanders—This Changing World.

For Commanders is designed to provide military leaders and their information staffs with "official" policy and is expected to influence officer and enlisted education programs within the armed forces.

"States," the Department of Defense told U.S. armed forces personnel, "should retain

---

[6]Washington Report, Congressman James B. Utt,
February 14, 1963.

[7]Blueprint for the Peace Race, U.S. Arms Control and Disarmament Agency, May, 1962, page 3.

at their disposal only those minimum forces and non-nuclear armaments required for the maintenance of internal order and the protection of the personal security of citizens. While disarmament was being carried out (under the U.S. Control and Disarmament Agency), states should contribute agreed manpower and arms to a U.N. peace force to 'deter or suppress any threat or use of arms in violation of the purposes of the United Nations'."

U.S. conformity with the provisions of State Department Publication 7277, and with Article 43, United Nations Charter, was thus "legalized" by the U.S. Congress and the Department of Defense.

The enormity of this subversion is nearly incomprehensible—as is the failure of the American people to protest the criminal abrogation of the United States Constitution.

As one American soldier I bitterly resent being turned over to an organization whose every precept and very existence contravenes the Constitution I have sworn to uphold.

I reject the illegal agreements which would place me under a foreign flag and an enemy commander-in-chief.

And I deny the right of anybody in my government or anywhere else to enlist me in a United Nations army.

Redirecting the allegiance of American fighting men toward the United Nations banner and reshaping the role and mission of United States military forces for global responsibility in a one-world government is, of course, prerequisite to the success of the Planners. The importance of capturing U.S. military forces for enforcing the edicts of a one-world government is suggested by the thrust of the infamous Reuther Memorandum, authored by Victor Reuther.

It will be remembered that the brothers Reuther, Victor and Walter, wrote to friends in the U.S. from their factory jobs in Soviet Russia during the 1920's, urging unstinting efforts for the creation of a "Soviet America."

In the fall of 1961, Victor and Walter Reuther visited Attorney General Robert Kennedy to discuss their views on the so-called "right-wing" in America with particular attention given to "The Radical Right Inside The Armed Services." They had, they said, some specific suggestions that might be considered for a campaign to silence the growing voice of conservatism. These suggestions were put in written form at the suggestion of Mr. Kennedy and subsequently were sent to the Attorney General as a twenty-four page document on December 19, 1961.[8]

"The problem of radical right influences inside the Armed Services," said Victor Reuther, "is an immediate one made all the more so by the up-coming hearings of the Senate Armed Services Subcommittee (on military 'muzzling').

"It has been widely reported," the Reuther Memorandum continues, "that General Walker's (Major General Edwin A. Walker) radical right viewpoint is shared by a substantial number of his colleagues. One observer, Louis J. Nalle, has reported that Walker's position 'represents the publicly unexpressed but privately outspoken views of an important part of our American officer corps in all three services.'[9] Drew Pearson has twice reported without contradiction that a Lieutenant General has leaked secret information to Senator Thurmond in support of the Walker position. The 'Americanism Seminars* espousing radical right wing doctrine and sponsored or co-sponsored by the Armed Services in various places could only have been accomplished by radical right officer personnel with the armed forces," said Messers Reuther.

"It also appears," continues this amazing report, "to have been widespread pressure from right-wing Generals and Admirals in the Pentagon which brought about the recall to duty of General Van Fleet... All that the recall has accomplished is to embarrass the Administration when Van Fleet irresponsibly attacked the Administration's Ambassador to the United Nations."

The brothers Reuther then exposed the real reason for their report to the Attorney General:

---

[8]The Reuther Memorandum, by Victor Reuther,
Office of the Attorney General, Washington, B.C.

[9]'New Republic, November 20, 1961.

> An alternative to getting Senator (Richard B.) Russell to broaden the hearings would be for Secretary McNamara to start his own investigation of radical right Generals and Admirals.

The report then states with gross impertinence:

> This might have the effect of causing the resignation of some of these Generals and Admirals which would certainly be in the national interest. At any rate, political activity after such warnings would be grounds for dismissal from the service.

A major objective of the take-over crowd is, of course, the silencing of articulate anti-Communists within the military services. This one mission has, and continues to receive, high priority. The success of the Planners in imposing one-world government on the nations of the world is dependent upon eradication of resistance or possible resistance, by the United States military establishment.

It will be recalled that Secretary of Defense Robert S. McNamara immediately implemented a similarly motivated Fulbright Memorandum and precipitated a witch hunt in the American army in 1961. On July 31 of that year, Army News Service released a Pentagon Directive giving full responsibility to Mr. Arthur Sylvester, Secretary of Defense for Public Affairs, for "providing policy guidance not only for all public affairs activities of the Department and its entities, but also for the conduct of any informational programs directed in whole or in part to the general public."[10]

> "Defense Secretary Robert S. McNamara has ordered the Joint Chiefs of Staff to revise a directive that permits military men to instruct civilians in anti-communism," said the Chicago Sun-Times in an article covering the Secretary's action.[11]

The importance of this anti-anti-Communist victory over conservatives in uniform is succinctly presented in an article by Gus Hall, General Secretary, Communist Party, U.S.A. Writing for The Worker three days following the McNamara crack-down on military anti-communists, Hall said:

> In the opinion of the Communist Party there can be no question but that the threat from the extreme Right is serious . . . Another pronounced characteristic of this growing fascist movement is its spreading influence among the higher military personnel. The case of General Walker was only a symptom of a much deeper affliction. Even the Pentagon had to admit recently that it was 'worried' over the extent of Birchite and similar influences among the ranking officers of the military services.[12]

Following the pattern of the now well-publicized Fulbright Memorandum, the Reuthers, in continuation of their recommendations to the Attorney General, state with ill-concealed hysteria:

> "The strong posture against radical right Generals and Admirals suggested in this memorandum would go far to answer Soviet propaganda that American foreign policy is not in responsible hands and that there is a substantial 'preventative war' group in the Pentagon which may ultimately get the upper hand. This strong posture would not only reassure our own allies," says Reuther in the logic of the anti-anti-Communist, "but might give support to factions within the Soviet Union that strive for a more flexible position on the Soviet's part."

The validity of the Reuther rationale may be judged by the comments of Lieutenant Colonel O. Aleksandrovsky who wrote in the July 18 edition of Red Star (official Soviet Army newspaper):

> No matter what happens, this scandalous story of the business of General Walker and the Birch Society clearly shows that the Pentagon is teeming with generals and admirals who openly profess facism and are attempting to drag the country down the road to unleashing the Third World War.[13]

---

[10]Release Number 47, Army News Service, July 13, 1961.

[11]"Curb Military Anti-Red Crusaders," Chicago Sun-Times, July 13, 1961.

[12]"The Ultra-Right, Kennedy, and the Rise of the Progressives," by Gus Hall, The Worker, July 16, 1961.

[13]"Reds make Hay out of Rebuke to General Walker," New York Journal American, Aug. 15, 1961.

The intemperate charges placed against General Walker and his troop education program in the 24th Infantry Division by Reuther, Hall, Aleksandrovsky, and other like-minded individuals, were part of the witch hunt in the American army.

A top source for hard facts with which to confront these professional internationalists is found in United States Senate Report, "Military Cold War Education and Speech Review Policies," a Committee summary of the findings made by the Special Preparedness Subcommittee, Committee on Armed Services during the course of the 'Military Muzzling' hearings.

> "It is well," states this Senate report, "to comment on the popular misconception that General Walker was disciplined because of his troop indoctrination activities in connection with the 'pro-Blue' program. This is incorrect. The army investigating officer specifically found that the division information and education program conducted by General Walker under the name of 'pro-Blue' was 'basically sound' and he consequently recommended that it 'continue to be implemented in the 24th Infantry Division'."[14]

[14]Committee Print, USS, Committee on Armed Services Report, October 19, 1962, page 31.

"While it is unfortunate that tradition forbids our military leaders from becoming politically oriented, there are many brilliant exceptions such as retired Maj. Arch E. Roberts, author of Victory Denied, who is still fighting for his country and people."

Hon. John R. Rarick, M.C.

Congressional Record, November 8, 1967 HI4944 Maj. Roberts (now Lt. Col.) authored the 24th Inf. Div. "Pro-Blue"program in Germany.

FORD FOUNDATION: MERGE UNITED STATES & RUSSIA

Norman Dodd Testimony, Illinois Joint Legislative Committee on Regional Government*

Mr. Chairman, after listening to the very able description of how complex the question that is before the committee is, I have been thinking in terms of drawing on my own experiences that relate to the development of the proposal called regional government which might be helpful to the committee. I think the committee deserves to understand and have a first hand look at the origin of the idea of regional government and also to be made aware of the purpose for which the idea has been introduced. So, I would like to share with the committee, two experiences, one of them—and these experiences are traceable to a position I at one time held as the Executive Director of a Congressional committee that was called upon to investigate the relationship of the economy and wealth in this country to the purposes represented by the Constitution of the United States. As a result of that investigation, experiences began to accrue and one of them stemmed from the entity or the head of the entity responsible for the proposition which you all now face called regional government. This individual was the head of the Ford Foundation and this experience took place back in 1953. It took the form of an invitation from the President of the Ford Foundation to me to visit the Foundations offices, which I did.

On arrival I was greeted by Mr. Roman Gaither, the President of the Ford Foundation with this statement: "Mr. Dodd, we have invited you to come to New York and stop in and see us in the hope that off the record you would tell us why the Congress of the United States should be interested in operations such as ours."

Before I could think of just exactly how I would reply, Mr. Gaither volunteered the following information and these are practically in his exact words.

"Mr. Dodd, we operate here under directives which eminate from the White House. Would you like to know what the substance of these directives is?"

*Mr. Norman Dodd, former Director, Committee to Investigate Tax Exempt Foundations, U.S. House of Representatives, and Council Member, National Committee to Restore the Constitution, Inc., statement before Illinois Joint Legislative Committee on Regional Government hearing, University of Southern Illinois, Edwardsville, 26 September 1978, State Representative George Ray Hudson, Chairman. Investigation instigated and talk by Mr. Dodd sponsored by Illinois Committee to Restore the Constitution, Mr. John Smith, President.

1 said, "Indeed I would Mr. Gaither."

Whereupon he then said the following, "We here operate and control our grant making policies in harmony with directives the substance of which is as follows: We shall use our grant making power so as to alter life in the United States that it can be comfortably merged with the Soviet Union."

This is as shocking, almost unbelieveable, attitude you can run across. Nevertheless, this is what clarified the nature of the grants of the Ford Foundation, which incidently, of course, was then the largest aggregation of privately directed wealth in the United States.

Now the second experience that I would like to share with you, and incidentaly it is the Ford Foundations' grants which are responsible for formulation of this idea of regional government and also the idea that given regional government, we must in turn develop and accept and agree to a totally new constitution which has already been drawn up which was mentioned just a few minutes ago. My next experience ran this way and followed an invitation from the head of the Carnegie Endowment for International Peace. It entailed visiting their offices, which I did. The invitation itself came because of a letter which I had written to the Carnegie Endowment asking them certain questions which would claify the reasons for many of the grants which they had made over a period of time.

On arrival at the office of the President, I was greeted with this statement, "Mr. Dodd, we received your letter. We can answer all the questions but it will be a great deal of trouble. The reason it will be a great deal of trouble is because, with the ratification by the Senate of the United States of the United Nations Treaty, our job was finished. So we bundled all our records up, spanning roughly speaking 50 years, and put them in the warehouse. We have a counter suggestion and that counter suggestion is that if you will send a member of your staff to New York, we will give him a room in our library and the minute books of this organization since its inception in 1908."

My first reaction to that suggestion was that these officers had lost their minds. I had a pretty good idea by that time of what those minute books might well show.

The executives who made this proposal to me were relatively recent in terms of their positions and I was satisfied that none of them had ever read the minutes. To make a long story short, as short as possible, a member of my staff was sent to New York and spent 2 weeks there and did what they call spot reading of the minutes of the Carnegie Endowment for International Peace Organization.

Now we are back in the period of 1908 and these minutes reported the following: The trustees of the Carnegie Endowment bring up a single question, namely if it is desirable to alter the life of an entire people, is there any means more efficient than war to getting that end and they discussed this question at a very high academic and scholarly level for a year and they came up with an answer. There are no known means more efficient than war, assuming the objective is altering the life of an entire people. That leads them to a question. How do we involve United States in a war. This is in 1909. I doubt if there was any question more removed or any idea more removed from the minds of us as a people at that time than war. There were certain what we call intermittent shows in the Balkans. I also doubt if very many of us knew really where the Balkans were, or their relation, or possible effect on us.

We jump then to the time when we are in a war and these trustees . . ., oh, before that the trustees then answered the question of how to involve us in a war by saying we must control the diplomatic machinery of the United States. That brings up the question of how to secure that control and the answer is: We must control the State Department.

Now at that point, research discloses a relationship between the effort to control the State Department and an entity which the Carnegie Endowment set up, namely the Council of Learned Societies and through that entity, are cleared all of the appointments, high appointments in the State Department. They have continued to be cleared that way since then.

Now, finally we're in a war, eventually the war is over and the trustees turn their attention then to seeing to it that life does not revert in this country to what it was prior to 1914 and they hit upon the idea that in order to prevent that reversion they must control education in this country. They realize that that is a very tremendous, really stupendous and complex task, much too great for them alone. So they approach the Rockefeller Foundation with the suggestion that the task be divided between the two of them. The Carnegie Endowment takes on that aspect of education that

has a tinge of international significance and the Rockefeller Foundation takes on that portion of education which is domestic in this relationship. These two run along in tandum that way disciplined by a decision, namely that the answer lies entirely in the changing of the teaching of the history of the United States. They then approach five of the then most prominent historians in this country with the proposition that they alter the manner of the teaching of the subject. They get turned down flatly. So they realize then they must build their own stable of historians, so to speak, and they approach the Guggenheim Foundation, which specializes in fellowships and suggest to them that when they locate a relatively young potential historian, will the Guggenheim Foundation give that person a fellowship merely on their say so. The answer is, they will.

Utlimately a group of twenty are so assembled and that becomes the nuclei of the policy which emanates to the American Historical Association. Subsequently, around 1928, the Carnegie Endowment granted to the American Historical Association $400,000, in order to make a study of what the future of this country will probably turn out to be. And they come up with a 7 volume set of books. The last volume being a summary and digest of the other 6. In the last volume the answer is as follows: The future in the United States belongs to collectivism administered with characteristic American efficiency. That becomes the policy which finally picks up and manifests itself in the expression of collectivism all the way along the line, of which the dividing of this country into regions, using all of the logic which supports the idea, has a rhyme and reason for it. It (collectivism) supports the ultimate idea that, in order for the regional government in turn be effective, there must be a new Constitution of the United States.

That is the background, gentlemen, of this very serious question with which you all are now wrestling. I felt that possibly this historical background might tend to help a little bit as you take on this high responsibility which is tremendous. You must have been thoroughly impressed with the complexities which arise and confront you if you do not go at this problem in terms of the origin of the idea and the real purpose behind that idea. And that, and skipping all the way over to try to distill a system, or a working plan, whereby our society can cope with these complexities as they exist today.

I wanted to make these points as brief as I could. I appreciate very much the privilege of being with you and wanted to give you these two bits of experience which tend to focus on the difficulty of discharging the responsibility which has been presented to you.

Chairman Hudson:

Thank you, very much, Mr. Dodd, for your testimony, and for coming from such a distance, as I believe you must have, to do so.

Now are there questions from the Committee members here?

Committee Member:

Yes, Mr. Dodd, Mr. Chairman. Mr. Dodd, first, I shouldn't use the word amazed but I am thoroughly amazed at your ability to recall the pages through history which you have done and I congratulate you on that. It proved to vary greatly from my education. I'm just a little coal miner's son and I haven't been around except to two county fairs and rodeos, but I would like to know a little bit about you, Sir. Could you in a brief capsule tell me what have you done since let's say the age 25.

Mr. Dodd:

Yes, indeed, I can. My life has been spent in pretty much every phase of the world of finance that you can think of, as Commercial banking, what they know as fudiciary banking, investment advisory work, membership in the firm, member of the stock exchange.

Committee Member:

Let me interrupt you sir, if I might, as that type of a background, how do you feel about holding companies and consolidation branch banking, etc.?

Mr. Dodd:

Gracious you don't want me to start in on anything such . . .

Committee Member:

Well, to me it would be relative as we are talking about regionalism and to me regionalism is bad, then these other things could be bad.

Mr. Dodd:

Not only could be sir, but in my opinion they are detrimental to the objectives of the founding fathers of this country.

Committee Member:

You've answered my question. Now another thing, you took us back to 1908 and I came home

. . . in 1912 about the time of the Balkan wars, which you alluded to in the World War I. Now today you said that we actually created, they, whoever they are, actually created a situation of a war.

Mr. Dodd:

Wait, you deserve to know who the "they" are. The "they" in this instance are, were the trustees of the Carnegie Endowment for International Peace. They were men who were prominent lawyers in New York, like Nicholas Murray Butler the head of Columbia University, also subsequently Allen & Foster Dulles as attorneys, and that caliber of gentlemen.

Committee Member:

Well, I'm trying to correlate what you're talking about, 1912, with 1978, the meeting of Camp David, the problems in the Middle East, the Chinese-Russian situation, as we see now. Are "they" now getting us ready for a Third World War?

Mr. Dodd:

Well, my answer to that sir is that they have set forces in motion, and they can't help but, these forces cannot help but culminate in World War III. I happen to personally believe it's possible to prevent it working out that way but I'm alone in my belief.

Committee Member:

You're not alone.

I was in public education for 39 years, I basically was a history teacher. When I walk in the classroom today I don't see American history taught as you alluded to, and who used to teach it. American history is, in fact, not a course anymore. We have a general smattering of human relations, or what not, but not American history. I agree with you on that. Now, one other question, I am from a small community of about 700 people, I graduated from a high school of 110. But there were seven of us in my graduating class, and I was the only boy. And the 6 girls elected me president and I've been trying to make up from that ever since.

But the idea is that today we are doing away with these small community schools. The problem as I see it is not only of Regional Government but of consolidation of schools. I was principal of the high school this year that had 1,900 students, when I came here there were 550 students in this high school and we had a lovely school, I thought, then it grew to 750 and still it was a tremendous school. Then we got 1,000 and I thought we reached our peak and from then on and I'm not trying to be critical of anyone in the school administration but I'm just saying that I think we've gotten too big and with 1,950 students in our present high school in this community, we have problems that did not exist, and I don't think individuals have changed that much. It's a matter of groupings, and numbers of people. You get too many people here so I think you and I would be in agreement that possibly regionalism might lead, and is leading, and has been to the consolidation of schools, doing away with the small school on the idea they can't get a good education here. In my background, I don't claim to be successful by any means, but coming from a coal mining town from a coal mining family, from an ethnic background of Italian immigrants, I think we done real well... of the small school so I agree wholeheartedly with you that the idea that regionalism, I am talking about Government, may lead to the wiping out of such things. We've had so much busing, so much transportation, so much taxation, so much budget that I don't know whether we can continue living with it. Thank you very much.

Chairman Hudson:

Mr. Dodd, I have one question. You mentioned a proposed new constitution, a federal charter, for this country sort of waiting in the wings. Is that, the one, I have heard tell of a Tugwell (newstates constitution), is that the one that you refer to? (See: "A Constitution for the Newstates of America," Emerging Struggle for State Sovereignty, by Archibald E. Roberts, LtCol, A US, ret.

Mr. Dodd:

Yes, that's it.

Chairman Hudson:

Alright, Well thank you very much.

Mr. Dodd:

Thank you very much, Mr. Chairman.

Other references:

"Reece Committee on Foundations, 'Emerging Struggle for State Sovereignty, by Archibald E. Roberts, LtCol, AUS, ret.

'Reece Committee Revisited," Emerging Struggle for State Sovereignty, by Archibald E. Roberts, LtCol, AUS, ret.

TWELVE

"A third (mattoid or half-fool), who suffers from moral insensibility, so that no bond of sympathy links him with his fellow man or with any living thing, and who is obsessed by vanity amounting to megalomania, preaches a doctrine of the Superman, who is to know no consideration and no compassion, to be bound by no moral principle, but 'live his own life' without regard for others."

SOCIOLOGIST MAX NORDAU

THE MATTOID SYNDROME

AMERICA THE BEAUTIFUL HAS FALLEN INTO THE HANDS OF POLITICAL MADMEN*

It is appallingly clear that America the beautiful has fallen into the hands of political madmen!

Our people are exploited and terrorized by coercive domestic policy at home, our sons are betrayed in "no-win" military adventures abroad, and our national honor and integrity are compromised all over the globe.

An increasing number of U.S. citizens, seeking recovery of national reason, recommend and endorse a public examination of this strategy of defeat. They believe, as you believe, that the peril of political madness can be ignored only on pain of extinction of the State. Americans must, they warn, isolate the psychology of those who promote rebellion and inspire a study of the anatomy of revolution.

One of these alarmed Americans is David O. Woodbury, author of 23 books of science, who said in the Manchester Union Leader,

> We are confronted by a horde of madmen. Mad in the same sense that Hitler was mad — a fact which the whole world accepts. Mad in the sense that their conduct, their aspiration, their reasoning, their actions are those of minds out of control, irrational, unsound, blown by a hurricane of willful insistence upon principles that civilization has proved over and over again to be specious and often degenerate.[1]

It is also apparent that insanity has recruited a vast apparatus of propaganda and employs a diabolical cleverness in posing as the protector and benefactor of mankind while actually furthering nihilistic objectives.

Contemporary history, in fact, convincingly suggests that those who head the Federal Government are manipulated by mattoids — by men of unbalanced and dangerous brilliance. These hidden exploiters of the United States

---

*from The Anatomy of a Revolution, by Archibald E. Roberts, Lt. Col, AUS, ret., pub. 1968.

[1] David O. Woodbury, The Madmen, Manchester, N.H., Union Leader, January 17, 1966.

power structure apply an inverted psycho-eugenic science as a weapon against the people. They have, seemingly, perfected a sophisticated and systematized plan, incorporating brainwashing and genetic prostitution, to achieve soviet-style control over the American social order.

To escape the dolorous fate of yesterday's people, Americans can dispel this doctrine of darkness by disseminating definitive intelligence and by adopting corrective political action. Power-entrenched mattoids can only be overthrown by an informed and indignant electorate.

It is proposed that the psychopathic malignancy threatening the American civilization be examined in depth and the knowledge gained thereby be applied with surgical finality. Let us begin by defining the nature of the foe.

Sociologist Max Nordau has identified three classifications of the mattoid.

> "A mattoid or half-fool," Nordau said, "who is full of organic feelings of dislike, generalizes his subjective state into a system of pessimism, of 'Weltschmertz'—weariness of life.
>
> "Another, in whom a loveless egoism dominates all thought and feeling, so that the whole exterior world seems to him hostile, organizes his anti-social instincts into the theory of anarchism.
>
> "A third, who suffers from moral insensibility, so that no bond of sympathy links him with his fellow man or with any living thing, and who is obsessed by vanity amounting to megalomania, preaches a doctrine of the Superman, who is to know no consideration and no compassion, be bound by no moral principle, but live his own life' without regard for others.
>
> "When these half-fools, as often happens, speak an excited language," said Nordau, "when their imaginations, unbridled by logic or understanding, supplies them with odd, startling fancies and surprising associations and images—their writings make a strong impression on thought in the cultivated circles of their times."[2]

[2]Max Nordau, The Degeneration of Classes and Peoples. Hibbert Journal, July, 1912.

Irrational political decisions at policy-making levels force upon perceptive Americans the conclusion that an invisible government of men "unbridled by logic or understanding" has acquired ultimate power and influence in the United States. Furthermore, the image-building manipulations of these mattoids favor the development of similar attitudes in others and give thousands—perhaps millions—of normally well-balanced persons the courage to overtly engage in absurd or infamous acts.

> ". . . Through the influence of the teachings of degenerate half-fools," Nordau continued, "conditions arise which do not, like the cases of insanity and crime, admit of expression in figures, but can nevertheless in the end be defined through their political and social effects. We gradually observe a general loosening of morality, a disappearance of logic from thought and action, a morbid irritability and vacillation of public opinion, a relaxation of character. Offenses are treated with a frivolous or sentimental indulgence which encourages rascals of all kinds. People lose the power of moral indignation, and accustom themselves to despise it as something banal, unadvanced, inelegant, unintelligent. Deeds that would formerly have disqualified a man forever from public life are no longer an obstacle in his career, so that suspicious and tainted personalities find it possible to rise to responsible positions. . . Nobody is shocked by the most absurd proposals, measures, and fashions, and folly rules in legislation, administration, domestic and foreign politics.. . Everybody harps upon his 'rights' and rebels against every limitation of his arbitrary desires by law or custom. Everybody tries to escape from the compulsion of discipline and shake off the burden of duty."[3]

Published fifty-six years ago, Nordau's commentary, The Degeneration of Classes and Peoples, is a shocking prophecy of the mattoid-directed malaise besetting America today. The destructive social doctrines of our own time, attractive on the surface but basically subversive, are essentially the product of unsound reasoning

[3]Ibid.

by unsound brains. Sociologist Nordau ably analyzed the enormous harm done by such individuals preaching negative dogma. They lead astray vast numbers of average people whose intelligence is not high enough to protect them against clever fallacies clothed in emotional appeal, and they arouse the degenerate elements and primitive types in society.

In his book, The Revolt Against Civilization, Lothrop Stoddard indicts these political madmen and suggests the manner in which protectors of the American civilization may meet the challenge of our day.

Stoddard observed,

> ". . . Construction and destruction, progress and regress, evolution and revolution, are alike the work of dynamic minorities. Numerically small, talented elites create and advance high civilizations; while Jacobine France and Bolshevic Russia prove how a small but ruthless revolutionary faction can wreck a social order and tyrannize a great population. Of course," he said, "these dynamic groups are composed primarily of leaders—they are the officers' corps of much larger armies which mobilize instinctively when crises arise."[4]

The profound effect which a numerically insignificant intellectual elite can have on the progress of a civilization is illustrated by the classic Athenian example.

> "In the two centuries between 500 and 300 B.C.," reported geneticist Edwin Conklin, "the small and relatively barren country of Attica, with an area and total population about equal to that of the present State of Rhode Island, but with less than one-fifth as many free persons, produced at least 25 illustrious men. Among statesmen and commanders there were: Miltiades, Themistocles, Aristides, Cimon, Pericles, Phocion; among poets, Aeschylus, Euripides, Sophocles, Aristophanes; among philosophers and men of science, Socrates, Plato, Aristotle, Demetrius, Theophrastus; among architects and artists, Ictinus, Phidias, Praxiteles, Polygnotus; among historians, Thucydides and Xenophon; among orators, Aeschines, Demosthenes, Isocrates, Lysias.
>
> "In this small country," said Conklin, "in the space of two centuries there appeared such a galaxy of illustrious men as has never been found on the whole earth in any two centuries since that time. Galton[5] concludes that the average ability of the Athenian race of that period was, on the lowest estimate, as much greater than that of the English race of the present day as the latter is above that of the African negro."[6]

Eugenically, civilization has been a catastrophe to the race which has created it. Geneticist Samuel J. Holmes, Ph.D., in his book, The Trend of the Race, quotes from an earlier authority, Lapouge, who noted the depressing effects which selective agencies have had on ancient and modern societies. Both of these authorities determined that robust blood lines are consumed by an advancing culture, while those of little worth are artificially protected and, eventually, overwhelm the established order. The morbid statistics of decline were discussed in Lapouge's work, Les Selections Sociales, published in 1869. Lapouge described the operation of several forms of social selection, i.e., military, political, religious, moral, legal, economic and systematic, all of which are brought into play as a consequence of the development of civilization.

"The racial influence of civilization," concluded Holmes, "is therefore bad."[7] It will continue to be "bad" until advanced societies learn to cope successfully with overt and covert forces inimical to the bearers of the social order.

The decay of ancient races and civilizations may have been tolerable to man at a time when there were available evolved and millenial-tempered races to move into the vacuum created by the fall of a preceding culture. Such reservoirs of high-quality lineage, however, no longer exist; and none appear visible on the genetic horizon.

The attritional loss of "talented elites" has been further accelerated in our era by the introduction

---

[4]Lothrop Stoddard, The Revolt Against Civilization, p. 224.

[5]Sir Francis Galton, English anthropologist and originator of Eugenics Theory.

[6]Edwin Grant Conklin, Heredity and Environment, p. 276.

[7]Samuel J, Holmes, The Trend of the Race, p. 3.

into society of chromosomal-damaging chemicals — a genetic horror which Lapouge and Holmes could not have imagined in their studies of agencies affecting selection in man. Mankind's twentieth-century threat, psychedelic drugs, has the dimensions of a genocidal time bomb.

The American civilization, no less than did the Athenian, depends upon the quality of the men and women who are the bearers of it. All the accumulations of instruments and ideas, massed and welded into marvelous structures, rest upon living foundations. Should these living foundations decay by attrition, crumble by subversion, or be destroyed by artificial means, the mightiest civilization will sag, crack, and at last crash down in ruin.

"The revolt against civilization," said Stoddard, "goes deeper than we are apt to suppose. However elaborate and persuasive may be the modern doctrines of rebellion, they are mere rationalizations of an instinctive, primitive urge."[8]

A factor carefully avoided in today's studies of the rise and progress of revolution is the fact that individuals or groups placed at cultural levels above their capacities instinctively revert to lower and more congenial surroundings. Atavistic forces forever seek to disrupt advanced societies and drag them down to more aboriginal levels. The high-placed mattoid recruits, molds, inflames, and then unleashes these forces against the existing social order, to bring it crashing down in "ruin."

Stoddard stated a self-evident fact, to which all of us may subscribe: Revolutions do not spring from nothing. Behind the revolt against an established society, there lies a long formative period during which the forces of chaos gather while the forces of order decline. Revolutions thus give ample warning of their approach.

The symptoms of revolution, Stoddard observed, may be categorized in three stages: (1) destructive criticism of the existing order, (2) revolutionary theorizing and agitation, and (3) revolutionary action.[9]

Americans have witnessed the promotion and implementation of the first two stages of incipient revolution and now behold the beginnings of revolutionary action aimed at toppling this social order — all the work of degenerate forces which have gained decisive position in the social structure for the purpose of destroying it. Strong societies are not overturned by revolution. Before revolution can succeed, the social order must be undermined and morally compromised. Subverting the existing order is a genetic compulsion of the mattoid. Sick-brained men, occupying rarified position, have nailed the revolutionary banner of "Liberty, Equality, Fraternity" to the mast of our ship of state. Behind a concealing curtain of "humanitarianism," they now direct the course of our nation to chaos, to oblivion, to a soviet twilight zone.

The cynical program of these madmen will lead, unless reversed, to the eclipse of the American civilization.

[8]Stoddard, p. 125.

[9]Ibid, p. 126.

BOOKS THAT SHAKE THE WORLD*

> On rare occasions a book is published which must forever alter the way in which we view the world around us. Within a short while it becomes difficult to understand how we could have functioned without the knowledge gained from it.

In less than twenty years three such books have been published, books dealing with history, books that are quite possibly the most important studies of modern history since de Tocqueville's Democracy in America. One of these books was written by James H. Billington: Fire in the Minds of Men — Origins of the Revolutionary Faith. The other two are by the late Carroll Quigley. Most of our readers will be familiar with what is contained in Quigley's Tragedy and Hope, A History of the World in Our Time. Equally important, there has been published posthumously and quite recently, The Anglo-American Establishment. This latter book was written and

*Reprinted from Don Bell Reports, 21 May 1982, P.O. Box 2223, Palm Beach, FL 33480.

prepared for publication as early as 1949. But its contents were so sensational, and so very truthful, that no publisher could be found until recently, 1981 to be precise. This is a book which traces the development of the One World Conspiracy from the time of "The Round Table," "Milner's Kindergarten," Rhode's Secret Society, and the Royal Institute of International Affairs, through the establishment of the Council on Foreign Relations, the Institute of Pacific Relations, and other organizations of the Anglo-American Establishment. In his introduction to this book, Quigley wrote:

> It is not easy for an outsider to write the history of a secret group of this kind, but.. . it should be done, for this group is . . . one of the most important historical facts of the twentieth century . . . I suppose in the long view my attitude would not be far different from that of the society ... but agreeing with the group on goals, 1 cannot agree with them on methods . . . In this group were persons who must command the admiration and affection of all who know of them. On the other hand, in this group were persons whose lives have been a disaster to our way of life. Unfortunately, the influence of the latter have been stronger. I have been told that the story I relate here would be better left untold . . . but I feel the truth, once told, can be of injury to no men of good will.

In his book Fire in the Minds of Men, Billington delineates and documents a different phase of the One World Conspiracy. When taken together, the works of Quigley and Billington illustrate the fact that there are two broad highways leading to World Government. One is usually referred to as the Socialist Route, which includes any number of mass movements and political parties that promote "equality" as well as collectivism, such as Communisim, Fascism, Fabianism, Social Democracy, Welfare Statism, etc. The other broad highway leading toward the New World Order is in no sense a movement involving masses of people. It is a closely knit secret society whose members are International Bankers, Industrial Monopolists, Media Managers, and their carefully selected agents who usually are found in such exclusive "clubs" as the Council on Foreign Relations, the Trilateral Commission, the Committee for Economic Development, the Organization for Economic and Commercial Development, the Bilderberg Group, the Club of Rome, and the rest of the organizations not specifically identified with and supposedly in opposition to the Communist wing of the Socialist movement. It is with the Socialist Route that Billington deals, and favors. He insists that it is more than just a revolutionary movement as such; it is a kind of new religion, a "faith" which as a secular religion is due to replace Christianity (even as Secular Humanism is about to do in the United States). Billington writes:.

> This book seeks to trace the origins of a faith — perhaps the faith of our time. Modern revolutionaries are believers, no less committed and intense than were the Christians and Muslims of an earlier era. What is new is the belief that a perfect secular order will emerge from the forcible overthrow of traditional authority. This inherently implausible idea gave dynamism to Europe in the nineteenth century, and has become the most successful ideological export of the West to the world, in the twentieth.

This "faith" about which Billington writes began, as he documents it, with the Masonic Lodges of the eighteenth century; its ritualism and orders copied from the Jesuits. The "faith" progressed from Germany to France where it inspired the French Revolution, to the other countries of Europe, was especially promoted by Karl Marx who found both Germany and France too hot for his presence, settled in London from where he lived on the bounties of his associate Frederich Engels. Billington notes that "the city is the crucible of modern revolution." Although the first revolutionary leaders were intellectuals (still are), Marx originally had the idea that the revolution would be accomplished through the proletarian class, the "workers of the world" who "had nothing to lose but their chains." He soon learned, however, that though it still was called a "revolution of the proletariat," the proletarian masses provided a poor army, that he must continue to depend upon the intellectuals and the men with money who would support him (as did his partner, Engels). In writing about it, Billington agrees that if this new "faith" is to overturn the world, it must begin in the cities. He writes that "The revolutionary tradition, seen from below, is a narrative of urban unrest successfully dominated by Paris and St. Petersburg (now Moscow)." But, most important in his history of this "fire that is a faith," Billington starts at the proper beginning of

the "Socialist Route" to the New World Order. He writes:

> If freemasonry provided a general milieu and symbolic vocabulary for revolutionary organization, it was Illuminism that provided its basic structural model. It may be well to trace in some detail the nature and impact of this baffling movement, because its influence was far from negligible and has been as neglected in recent times as it was exaggerated in an earlier era.
>
> The Order of Illuminism was founded on May 1,1776, by a professor of canon law at the University of Ingolstadt in Bavaria, Adam Weishaupt, and four associates. The order was secret and hierarchical, modeled on the Jesuits and dedicated to Weishaupt's Rousseauian vision of leading all humanity to a new moral perfection freed from all established religious and political authority. Weishaupt did not so much invite intellectuals to join his new pedagogic elite as taunt them to do so. He radiated contempt for men of the Enlightenment who 'go into ecstacies over antiquity, but are themselves unable to do anything,' and insisted that 'what is missing is the force to put into practice what has long been affirmed by our minds.'

In a review of Billington's book by Medford Evans, appearing in the October 1981 issue of American Opinion, Evans writes:

> The logical link with Marx and with Lenin is obvious. The link with the French Revolution is established, through Mirabeau and others. The point I want to leave with you . . . is simply this: Why have a thousand scholarly experts for two decades treated with a show of silent contempt, as if the Illuminati were all a fairy tale, the well established position ... that in this order was the central focus of what is now a Master Conspiracy?

The answer to Evans' question might be considered academic. Any number of qualified and reputable historians and researchers have recognized that the Order of the Illuminati was the beginning of what is now a Master Conspiracy. John Robison in 1797 published the first English-language book exposing the Illuminati and explaining how it had penetrated into certain Masonic Lodges. He titled his book Proofs of a Conspiracy. Nesta Webster, in her books on the subject, especially The Socialist Network, identified the movement as a conspiracy. In later times there have been many accredited writers who accept "The Conspiracy" as a fact, not a theory.

The same is true of the "second avenue" toward the New World Order, which Quigley has identified as "The Society of the Elect." It too has been thoroughly identified, and the facts documented, proving it to be the other side of the Master Conspiracy. But, following the pattern laid down by Weishaupt, control and censorship of the communications media have been so firmly established that books and articles revealing the truth are never mentioned in such publications as The New York Times Book Review Section. Historians and researchers who dare to call it a conspiracy are criticized, condemned, subjected to character assassination, and their works suppressed whenever and wherever possible. As the author of the blurb on the dust jacket of The Anglo-American Establishment comments:

> While the notion of conspiratorial influence on world events has gained credence with both extremities of the American political spectrum, and to a degree with the general public, the more academically-oriented person has tended to downplay such influence, largely because of the lack of scholarship in the presentation and analysis of the facts by those supporting the conspiracy theories. In addition, many such supporters have made themselves easy to ignore and, in fact, have themselves always assumed that they would be ignored. Professor Quigley's work does not suffer from these defects. The evidence he presents.. . appears irrefutable.

In this denigrating statement concerning us other Conspiracy buffs, the writer (not Quigley) makes our point and also emphasizes the real importance of books written by men such as Quigley and Billington. The blurb-writer indicated that we others — John Robison, Nesta Webster, Dan Smoot, Gary Allen, or name your own favorite Conspiracy advocate — can be treated with "silent contempt." Not because what we write is neither factual nor truthful, but because we can be labeled as "extremists." Therefore we are prejudiced and our works deserve to be

burned. On the other hand, take a writer who is in favor of the aims of the Conspirators, has examined their files and records with approval, but merely dislikes the methods used by the Conspirators; let such a person write the same message as ours, perhaps even in the same words, and those who won't believe us will probably believe him. That is why Quigley's witness is important. Our evidence is labeled "Questionable," but his (the same evidence) becomes "irrefutable." Of course, Quigley did overstep the limits a bit. When the members of the "Society of the Elect" learned what Quigley had actually written in his Tragedy and Hope, there was an attempt to ban the book, and his sudden death did seem a little strange. Billington, on the other hand, is being accepted wholeheartedly by the "elitists." His book is being advertised in Foreign Affairs and being promoted in intellectual publications. This is probably because he wrote only about the Socialist wing of the Conspiracy, wrote not a word about the more sinister, controlling, closed "Society of the Elect." Furthermore, the affiliations and connections between the Socialist and Super Capitalist forces of the Conspiracy were spelled out by Quigley, left untouched by Billington. Nevertheless, Fire in the Minds of Men is a very important book, because it fills in those times, events and spaces between Weishaupt in 1776 and Lenin in 1917. This information, so thoroughly documented, has been hard to come by previously.

BOOKS DISCUSSED IN THIS REPORT

Fire in the Minds of Men, by James H. Billington. Copyright 1980. 677 pages including extensive documentation. Basic Book, New York, N.Y. $25.00.

Tragedy and Hope, by Carroll Quigley. Copyright 1966. The Macmillan Co., New York, N.Y. 1348 pages. Probably available from Alpine Enterprises, P.O. Box 766, Dearborn, Mich. 48121. Last quoted price, $27.00.

The Anglo-American Establishment, by Carroll Quigley. Copyright 1981 by Books in Focus, Inc., P.O. Box 3481, Grand Central Station, New York, N.Y. 10163. 354 pages including extensive notes. $20.00.

ROCKEFELLER AGENTS FROM COUNCIL ON FOREIGN RELATIONS / TRILATERAL COMMISSION PERPETUATE CONTROL OF AMERICAN DESTINY BY INTERNATIONAL BANKING CABAL

Beginning on the following page is a three-page chart, "CFR/Trilateral Commission Control of the United States," illustrating the network of CFR/TC agents holding vital decision-making positions in U.S. government.

Trilateral Commission is a lineal descendant of the Council on Foreign Relations.

Exposure of the CFR/TC should be a top priority goal of every citizen and every patriotic organization in our country.

The Council on Foreign Relations has about 1800 members, average age 60, average wealth undoubtedly staggering, carefully selected to compose a kind of leadership elite in American foreign affairs. There is a large segment of Wall Street, some midtown tycoons, the more eminent radio and newspaper executives, a sprinkling of academics, a few public relations people dealing with really big foreign investors.

Assisted by a grant from the Carnegie Foundation, the Council set out, in 1938, to organize a number of discussion groups in cities throughout the country. The undertaking was frankly experimental; its objective was to see if the Council could aid in stimulating greater interest in foreign affairs on the part of community leaders in widely separated areas.

Within a year, Francis P. Miller, on behalf of the Council, had organized groups, or Committees on Foreign Relations, in Cleveland, Denver, Des Moines, Detroit, Houston, Louisville, Portland (Oregon) and St. Louis. By 1942, additional Committees had been established in Birmingham, Los Angeles, Nashville, Providence, and St. Paul-Minneapolis. By 1946, the list had grown to include Boise, Indianapolis, Milwaukee, Omaha, Salt Lake City, San Francisco, Seattle, and Tulsa. Membership in the twenty-one Committees totaled over eleven hundred. The enterprise was no longer an "experiment."

C.F.R./TRILATERAL COMMISSION

CHART prepared by Johnny Stewart, Fund to Restore an Educated Electorate (FREE)
P.O. Box 8616, Waco, Texas 76710

DAVID ROCKEFELLER

Chairman of the
COUNCIL ON FOREIGN RELATIONS
58 E. 68th St., New York, NY 10021, Phone (212) 734-0400

GOVERNMENT "OF THE PEOPLE, BY THE *PEOPLE AND FOR*

FEDERAL RESERVE

G. William Miller	*CFR*
Paul Volcker	CFR TC
Anthony Solomon	CFR TC
Henry Wallich	CFR
Emmet Rice	CFR
Henry Woodbridge, Jr.	CFR
Donald Platten	CFR
Robert Knight, Esq.	CFR
Steven Muller	CFR
Gerald Hines	CFR
Geo. H. Weyerhaeuser	CFR TC
Harold Anderson	*CFR*
Mark H. Willes	CFR

James Earl (Jimmy) Carter

(Charter member, Trilateral Commission)

ROBERT McNAMARA — CRF

Hollis Chenery	CFR
Edward Fried	CFR
Ernest Stern	CFR

INTERNATIONAL BANK *FOR RECONSTRUCTION* & DEVELOPMENT

ROBERT McNAMARA — CFR

WORLD BANK

ANNE WEXLER — CFR

ASSISTANT TO THE PRESIDENT

HENRY KISSINGER — CFR TC

ADVISOR

ROBERT McNAMARA — CFR

Richard Richardson	CFR

INTERNATIONAL FINANCE CORPORATION

NATIONAL

BRZEZINSKI — CFR TC

NATIONAL SECURITY ADVISOR

MONDALE — CFR TC

VICE PRESIDENT

VANCE — CFR TC

SECRETARY OF STATE
Replaced by
Edmund Muskie CRC

ABBOTT WASHBURN — CFR

FEDERAL COMMUNICATIONS COMMISSION

T. TANNENWALD, Jr. — CFR

U.S. TAX COURT

JOHN SAWHILL — CFR TC

DEPT. OF ENERGY

John Deutch	CFR

JOSEPH — CFR

Replaced by
Patricia Harris CFR
Albert Meyer CFR

INTERNATIONAL BROADCASTING AND COMMUNICATIONS

Olin Robison	CFR
John Reinhardt	CFR
Charles Bray	CFR
R. Peter Straus	CFR
Rita Hauser	CFR
Glen Ferguson	*CFR*
Alice Ilchman	CFR

EMERGENCY COURT OF APPEALS

Dudley Bonsal	CFR

INTERNATIONAL COURT OF JUSTICE

Richard R. Baxter	CRF

OFFICE OF MANAGEMENT AND BUDGET

Peter Szanton	CFR

OFFICE OF

Ernest Boyer	
Peter D. Bell	
Joseph Califano	
Joel Cohen	

CRF MEMBERSHIP BREAKDOWN
(1978-1979)

Scholars & Educators	370 (19%)
Business	555 (28%)
Lawyers	190 (10%)
Government	292 (15%)
Non-Profit Organizations	272 (14%)

(These tax exempt foundations fund America's enemies at home and abroad, yet appear to be immune from congressional *investigation.*)

CFR: Indicates past or present membership in the Council on Foreign Relations.

TC: Indicates past or present membership. In the *Trilateral Commission.*

CONGRESSIONAL RESEARCH LIBRARY

Ann L. Hollick	CFR

CONGRESSIONAL COMMITTEES

William B. Bader	CFR
William J. Barnds	CFR
Pauline R. Baker	CFR
William G. Miller	CFR

1980 PRESIDENTIAL CANDIDATES

(It is standard practice for members to resign before running for public office.)

John Anderson	CFR TC
Howard Baker	CFR
George Bush	CFR TC
Jimmy Carter	TC
Ted Kennedy (Boston Affiliate)	CFR

(Running CFR candidates from each party often provides Rockefeller continuing control of the Chief Executive.)

PLEASE NOTE

The New World Order

"New World Order" views of Rockefeller, Kissinger, Brzezinski and others in the CFR/TC 'inner circle' taint the character of *all* members of the cabala.

DEPARTMENT

Cyrus Vance (Sec.)	*CFR TC*
Edmund Muskie (Sec.)	CFR
Warren Christopher	CFR TC
Harry G. Barnes, Jr. (Director, Foreign Service)	CFR
Douglas J. Bennett (Congressional Relations)	CFR
Lucy Wilson Benson	CFR TC
Priscilla A. Clapp	CFR
Stephen F. Cohen (Human Rights)	CFR
Richard N. Cooper (Economic Affairs)	*CFR TC*
Mark B. Feldman (Legal)	CFR
Leslie H. Gelb (Politico-Military)	CFR
David Gompert	CFR
Robert D. Hormats (Economic-Business)	CFR
Jerome H. Kahan (Deputy Director)	CFR
Paul H. Kreisberg (Policy Planning)	CFR
W. Anthony Lake (Policy Planning)	CFR
Karin Lissakers (Policy Planning)	CFR
David E. Mark (Intelligence-Research)	CFR
Edward Morse	CFR
David D. Newsom (Board of Foreign Service)	CFR
Matthew Nimetz (Legal)	CFR
Robert H. Nooter (International development)	*CFR*
Stephen A. Oxman	CFR
E. Raymond Platig (Intelligence-Research)	CFR
Ben Read (Management)	CFR
Stephen M. Schwebel (Legal)	CFR
Marshall D. Shulman (Soviet Affairs)	CFR
Paul Warnke (Salt)	CFR
R.E. Earl, II (Salt)	CFR

AMBASSADORS

Andrew Young (UN)	CFR TC
Donald F. McHenry (UN)	CFR
James F. Leonard (UN)	CFR
Richard R. Baxter (UN)	CFR
Roger J. Cochetti (UN)	*CFR*
W. Tapley Bennett, Jr. (NATO)	CFR
Morton I. Abramowitz (Thailand)	CFR
Richard Bloomfield (Portugal)	CFR
Kingman Brewster, Jr. (Britain/Northern Ireland)	
Walter L. Cutler (Zaire)	CFR
Arthur R. Day (Jerusalem)	CFR
Lawrence Eagleburger (Yugoslavia)	CFR
Donald B. Easum (Nigeria)	*CFR*
Hermann F. Eilts (Egypt)	CFR
Thomas O. Enders (Canada)	CFR
Richard N. Gardner (Italy)	CFR TC
Raymond L. Garthoff (Bulgaria)	CFR
Robert F. Goheen (India)	CFR
Arthur A. Hartman (France)	CFR
Ulric St. Clair Haynes, Jr. (Algeria)	CFR
Philip M. Kaiser (Hungary)	CFR
Samuel W. Lewis (Israel)	*CFR*
Stephen Low (Zambia)	CFR
James G. Lowenstein Luxembourg)	CFR
William H. Luers (Venezuela)	CFR
Warren D. Manshel (Denmark)	CFR
Rozanne L. Ridgway (Finland)	CFR
William E. Schaufele, Jr. (Poland)	CFR
James W. Spain (Tanzania)	CFR
Ronald I. Spiers (Turkey)	CFR
Walter J. Stoessel, Jr. (Germany)	*CFR*
William H. Sullivan (Iran)	CFR
Terence A. Todman (Spain)	CFR
Milton A. Wolf (Austria)	CFR
W. Howard Wriggins (Maldives and Sri Lanka)	CFR

CONTROL OF THE UNITED STATES

DAVID ROCKEFELLER

North American Chairman of
THE TRILATERAL COMMISSION
345 E. 46th St., New York, NY
10017, Phone (212) 661-1180

THE PEOPLE", IS A THING OF THE PAST.

TREASURY

William Simon	CFR
Michael Blumenthal	CFR TC
C. Fred Bergsten	CFR
Anthony Solomon	CFR TC
Arnold Nachmanoff	CFR
Helen B. Junz	CFR
Richard Fisher	CFR
Roger Altman	CFR
John Helmann	CFR

Since 1920, fourteen (14) CFR members have served as Secretary of the Treasury.

Selected in 1973 by THE TRILATERAL COMMISSION & CFR Trained for the Presidency by Brzezinski

HEDLEY DONOVAN
CFR TC
SENIOR ADVISER TO THE PRESIDENT

SECURITY COUNCIL

H. BROWN
CFR TC
SECRETARY OF DEFENSE

GEN. DAVID JONES
CFR
CHAIRMAN, JOINT CHIEFS OF STAFF

S. TURNER
CFR
CENTRAL INTELLIGENCE AGENCY

CALIFANO
TC
HEW—HUD

CFR
CFR
CFR TC
CFR

R. TRAIN
CFR TC
Replaced by
Douglas Costle CFR
W. Drayton CFR
ENVIRONMENTAL PROTECTION AGENCY

LICENSES-PERMITS
D. Michael Deutch CFR

FRANK CARLUCCI
CFR
CENTRAL INTELLIGENCE AGENCY

JUSTICE DEPARTMENT
Eric Richard CFR
Ruth Glushien CFR

*A.C.I.R.
Bruce Babbitt CFR TC
Governor of Arizona

*A.C.I.R. (Advisoroy Commission on Intergovernmental Relations)

Americans should closely examine the disastrous results of foreign and domestic policy formulated and implemented by these agents through the years without public knowledge.

OF STATE

Deane R. Hinton (Extraordinary/Plenipotentiary)	CFR
Alfred L. Atherton, Jr. (At Large)	CFR
Henry D. Owen (At Large)	CFR TC
Elliott L. Richardson (At Large)	CFR TC
Gerard C. Smith (At Large)	CFR TC
Herbert Salzman (USOECD)	CFR
Ellsworth Bunker (Panama Canal)	CFR
Sol Linowitz (Panama Canal)	CFR TC

*PLEASE NOTE: These CFR/TC members head State Department bureaus where dramatic shifts in American foreign policy appear to work against allies of the United States and in favor of revolutionary forces.

BUREAUS

INTER-AMERICAN AFFAIRS
(Cuba, Nicaragua, Panama, El Salvador)

***Viron P. Vasky,** Bureau Head	CFR
***Luigi Einaudi,** Policy Planning	CFR

AFRICAN AFFAIRS
(Rhodesia, South Africa, Angola)

***Richard M. Moose,** Bureau Head	CFR
***Goler T. Butcher,** Asst. Administrator	CFR

NEAR EASTERN/SOUTH ASIAN AFFAIRS
(Iran, Afghanistan)

***Harold S. Saunders,** Bureau Head	CFR

EAST ASIAN & PACIFIC AFFAIRS
(Taiwan, Korea, Vietnam, Cambodia, Laos, Thailand)

***Richard Holbrooke,** Bureau Head	CFR TC

EUROPEAN AFFAIRS

James E. Goodby, Deputy Assistant Secretary	CFR
Sandra L. Vogelgesang, Policy Planning	CFR

INTERNATIONAL ORGANIZATION AFFAIRS

C. William Maynes, Bureau Head	CFR
George Dailey, Deputy Assistant Secretary	CFR

OCEANS, INTERNATIONAL, ENVIRONMENTAL & SCIENTIFIC AFFAIRS

Thomas R. Pickering, Bureau Head	CFR
John D. Negroponte, Deputy Asst. Secretary	CFR
William Sullivan	CFR

PUBLIC AFFAIRS

Hodding Carter, Bureau Head	CFR

TO VERIFY RESEARCH

Order membership lists from CFR/TC headquarters shown at the head of this chart. Check former members in back issues. Congressional Directories are also useful for vertification. Obtain these from your Senator or Representative.

W.B. DALE
CFR
INTERNATIONAL MONETARY FUND

R.A. DUNGAN
CFR
INTER-AMERICAN DEVELOPMENT BANK

LLOYD CUTLER
CFR TC
COUNCIL TO THE PRESIDENT

HENRY OWEN
CFR TC
SPECIAL REPRESENTATIVE OF THE PRESIDENT

ARMS CONTROL AND DISARMAMENT AGENCY

S.M. Keeny, Jr.	CFR
A.S. Fisher	CFR
Adam Yarmolinsky	CFR
John Newhouse	CFR
Barry M. Blechman	CFR
Thomas Halsted	CFR
Thomas Watson, Jr.	CFR
Harold Agnew	CFR
McGeorge Bundy	CFR
Paul M. Doty, Jr.	CFR
Lane Kirkland	CFR TC
Wolfgang Panofsky	CFR
Jane Pfeiffer	CFR
Brent Schwcroft	CFR
William E. Jackson	CFR

SMALL BUSINESS ADMINISTRATION
Arthur P. Cyr CFR

INTER AMERICAN FOUNDATION
Peter Jones (Levi Strauss & Co.) CFR
Charles Meyer (Sears Roebuck & Co.) CFR

TRADE NEGOTIATIONS

Richard Rivers	CFR
Robert Strauss	CFR
Alonzo McDonald	CFR

PRESIDENTS COMMISSION ON THE COAL INDUSTRY
John D. Rockefeller IV CFR TC

DEPT. OF COMMERCE
Juanita Kreps CFR

COUNCIL ON WAGES AND PRICE STABILITY

Michael Blumenthal	CFR TC
Juanita Kreps	CFR
Patricia Harris	CFR TC

FOREIGN TRADE ZONES BOARD
Juanita Kreps CFR

PENSION BENEFIT GUARANTY CORP.

Michael Blumenthal	CFR TC
Juanita Kreps	CFR

EMPLOYMENT POLICY

Harold Brown	CFR TC
Juanita Kreps	CFR
Joseph Califano	CFR TC

FORD MOTOR CO.

Donald E. Petersen	CFR
Carter L. Burgess	CFR
Clifton Wharton, Jr.	CFR
Philip Caldwell	TC
Arjay Miller	TC

GENERAL MOTORS

Reuben R. Jensen	CFR
Roger B. Smith	CFR
Marina v. N. Whitman	CFR TC

UNION BOSSES

I.W. Abel (Former President, United Steelworkers of America)	TC
Sol Chick Chaikin (President, Int. Ladies' Garment Workers)	CFR TC
Thomas R. Donahue (Secretary/Treasurer, AFL-CIO)	CFR TC
Murray H. Finley (President, Amalgamated Clothing & Textile Workers	CFR
Victor Gotbaum (American Fed. of State, County and Municipal Employees)	CFR
Lane Kirkland (Pres. AFL-CIO)	CFR TC
Howard D. Samuel (President, Industrial Union Dept. AFL-CIO)	CFR
Martin J. Ward (President, United Assn. of Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry, U.S.A. & Canada)	CFR TC
Glenn E. Watts (President, Communication Workers of America)	CFR TC
Leonard Woodcock (Former President U.A.W.)	CFR TC
Jerry Wurf (President, American Federation of State, County and Municipal Employees)	CFR

COUNCIL ON FOREIGN RELATIONS/TRILATERAL COMMISSION AGENTS IN MEDIA, MILITARY & CONGRESS

MEDIA

Past & Present CFR/TC Members (partial listing)
(Brought up to date—1982)

CBS

William Paley	CFR
William Burden	CFR
Roswell Gilpatric	CFR
James Houghton	CFR
Henry Schacht	CFR TC
Marietta Tree	CFR
C.C. Collingwood	CFR
Lawrence LeSueur	CFR
Dan Rather	CFR
Harry Reasoner	CFR
Richard Hottelet	CFR
Frank Stanton	CFR
Bill Moyer	CFR

NBC/RCA

Jane Pfeiffer	CFR
Lester Crystal	CFR
R.W. Sonnenfeldt	CFR
T.F. Bradshaw	CFR
John Petty	CFR
David Brinkley	CFR
John Chancellor	CFR
Marvin Kalb	CFR
Irvine Levine	CFR
H. Schlosser	CFR
P.G. Peterson	CRF TC
John Sawhill	CFR TC

ABC

Ray Adam	CFR
Frank Cary	CFR
John Connor	CFR
T.M. Macioce	CFR
Ted Koppel	CFR
John Scali	CFR
Barbara Walters	CFR

CABLE NEWS NETWORK

Daniel Schorr	CFR

PUBLIC BROADCAST SERVICE

Hartford Gunn	CFR
Robert McNeil	CFR
Jim Lehrer	CFR
C. Hunter-Gault	CFR
Hodding Carter	CFR

ASSOCIATED PRESS

Keith Fuller	CFR
Stanley Swinton	CFR
Louis Boccardi	CFR
Harold Anderson	CFR
Katharine Graham	CFR

U.P.I.

H.L. Stevenson	CFR

REUTERS

Michael Posner	CFR

BOSTON GLOBE

David Rogers	CFR

L.A. TIMES SYNDICATE

Joseph Kraft	CFR

BALTIMORE SUN

Henry Trewhitt	CFR

NEW YORK TIMES CO.

Richard Gelb	CFR
James Reston	CFR
William Scranton	CRF TC
A.M. Rosenthal	CFR
Seymour Topping	CFR
James Greenfield	CFR
Max Frankel	CFR
Jack Rosenthal	CFR
Harding Bancroft	CFR
Amory Bradford	CFR
Orvil Dryfoos	CFR
David Halberstram	CFR
Walter Lippmann	CFR
L.E. Markel	CFR
H.L. Matthews	CFR
John Oakes	CFR
Adolph Ochs	CFR
Harrison Salisbury	CFR
A. Hays Sulzberger	CFR
A. Ochs Sulzberger	CFR
C.L. Sulzberger	CFR
H.L. Smith	CFR
Steven Rattner	CFR
Richard Burt	CFR

TIME INC.

Ralph Davidson	CFR
Donald M. Wilson	CFR
Louis Banks	CFR
Henry Grunwald	CFR
Alexander Heard	CFR
Sol Linowitz	CFR TC
Rawleigh Warner, Jr.	CFR
Thomas Watson, Jr.	CFR

NEWSWEEK/WASH. POST

Katharine Graham	CFR
Philip Graham	CFR
Arjay Miller	TC
N. deB. Katzenbach	CFR
Frederick Beebe	CFR
Robert Christopher	CFR
A. De Borchgrave	CFR
Osborne Elliot	CFR
Philip Geyelin	CFR
Kermit Lausner	CFR
Murry Marder	CFR
Eugene Mayer	CFR
Malcolm Muir	CFR
Maynard Parker	CFR
George Will	CFR
Robert Kaiser	CFR
Meg Greenfield	CFR
Walter Pincus	CFR
Murray Gart	CFR
Peter Osnos	CFR
Don Oberdorfer	CFR

DOW JONES & CO. (Wall St. Journal)

William Agee	CFR
J. Paul Austin	TC
Charles Meyer	CFR
Robert Potter	CFR
Richard Wood	CFR
Robert Bartley	CFR
Karen House	CFR

NATIONAL REVIEW

Wm. F. Buckley, Jr.	CFR
Richard Brookhiser	CFR

U.S. MILITARY

Past & Present CFR/TC Members (partial listing)
(Brought up to date—1982)

ALLIED SUPREME COMMANDERS

49-52 Eisenhower	CFR
52-53 Ridgeway	CFR
53-56 Gruenther	CFR
56-63 Norstad	CFR
63-69 Lemnitzer	CFR
69-74 Goodpaster	CFR
74-79 Haig	CFR
80-	

SECRETARIES OF DEFENSE

57-59 McElroy	CFR
59-61 Gates	CFR
61-68 McNamara	CFR
69-73 Laird	CFR
73 Richardson	CRF TC
75-77 Rumsfeld	CFR
77- Brown	CFR TC
80- Weinberger	CFR TC

DEP. SEC. OF DEFENSE

Frank Carlucci	CFR

UNDER SEC. OF DEFENSE

Fred Ikle	CFR
GEN. Stillwell (Ret.)	CFR

ASST. SEC. of DEFENSE

Lawrence Korb	CFR

MILITARY FELLOWS

Army MG T. Ayers	CFR
AF COL K. Baker	CFR
Army LG S. Berry	CFR
Army BG Z. Bradford	CFR
Navy CAP J. Dewenter	CFR
Army Col A. Dewey	CFR
Navy Cap H. Fiske	CFR
AF Col E. Foote	CFR
Army LG R. Gard	CFR
AF MG R. Ginsburgh	CFR
Army BG M. Green	CFR
AF COL R. Head	CFR
AF BG T. Julian	CFR
Navy CAPT H. Kerr	CFR
AF COL I. Klette	CFR
Navy CAPT R. Kurth	CFR
AF *Lt. COL J. Levy*	CFR
Army COL G. Loefke	CFR
AF LG G. Loving	CFR
AF COL M. McPeak	CFR
Navy CAPT R. Miale	CFR
AF LG J. Pfautz	CFR
AF COL L. Pfeiffer	CFR
Navy CAPT S. Ring	CFR
AF COL M. Sanders	CFR
Army COL J. Sewall	CFR
Navy RADM C. Tesh	CFR
AF COL F. Thayer	CFR
Army *MG J. Thompson*	CFR
AF MG W. Usher	CFR
Army GEN S. Walker	CFR
Navy *Rad R. Welander*	CFR
AF COL J. Wolcott	CFR
Navy CAPT Gentry	CFR
AF COL T. Eggers	CFR

SUPERINTENDENTS U.S. MILITARY ACADEMY AT WEST POINT

60-63 Westmoreland	CFR
63-66 Lampert	CFR
66-68 Bennett	CFR
70-74 Knowlton	CFR
74-77 Berry	CFR
77- Goodpaster	CFR

SECRETARY OF THE ARMY

Clifford Alexander	CFR

UNDER SECRETARY OF THE AIR FORCE

Mrs. Antonia *Handler Chayes*	CFR

CHIEF OF STAFF, USAF

GEN Lou Allen, Jr.	CFR

PRESIDENT, NATIONAL DEFENSE UNIVERSITY

LG Robert Gard, Jr.	CFR

JOINT STAFF

VADM Thor Hanson	CFR
LG Paul Gorman	CFR

ADDITIONAL MILITARY

MG R.C. Bowman	CFR
BG F. Brown	CFR
LT COL W. Clark	CFR
CAPT Ralph Crosby	CFR
ADM Wm. Crowe	CFR
COL P. Dawkins	CFR
VADM Thor Hanson	CFR
COL W. Hauser	CFR
COL B. Hosmer	CFR
MAJ R. Kimmitt	CFR
CAPT F. Klotz	CFR
GEN W. Knowlton	CFR
VADM J. Lee	CFR
CAPT T.T. Lupfer	CFR
COL D. Mead	CFR
MG Jack Merritt	CFR
GEN E. Meyer	CFR
COL Wm E. Odom	CFR
COL L. Olvey	CFR
COL Geo. K. Osborn	CFR
MG J. Pustay	CFR
C. PT P.A. Putignano	CFR
LG E.L. Rowny	CFR
CAPT Gary Sick	CFR
MG J. Siegle	CFR
MG De Witt Smith	CFR
BG Perry Smith	CFR
LTG Wm. Y. Smith	CFR
COL W. Taylor	CFR
MG J.N. Thompson	CFR
RADM C.A.H. Trost	CFR
ADMS S. Turner	CFR
MG J. Welch	CFR
GEN. J Wickham	CFR

HOUSE & SENATE CFR/TC MEMBERS (Past & Present)

SENATE

• **Howard Baker**	(Tenn.)	CFR
• **Birch Bayh**	(Ind.)	CFR
• **Lloyd Bentsen**	(Tex.)	CFR
William Brock	(Tenn.)	CFR TC*
• **Edward Brooks**	(Mass.)	CFR
• **Clifford Case**	(N.J.)	CFR
• **Frank Church**	(Idaho)	CFR
• **Dick Clark**	(Iowa)	CFR
William S. Cohen	(Maine)	CFR TC
• **Alan Cranston**	(Calif.)	TC
John Cooper	(Ken.)	CFR
• **John Culver**	(Iowa)	CFR TC
• **John Danforth**	(Mo.)	TC
• ***John Glenn***	(Ohio)	TC
H.H. Humphrey	(Minn.)	CFR
• **Jacob Javits**	(N.Y.)	CFR
• **Ted Kennedy**	(Mass.)	CFR
(Belongs to Boston Affiliate)		
Gale McGee	(Wyo.)	CFR
• **George McGovern**	(S.D.)	CFR
• **Charles Mathias**	(Md.)	CFR
Walter Mondale	(Minn.)	CFR TC
• **Daniel Moynihan**	(N.Y.)	CFR
• **Edmund Muskie**	(Ma.)	CFR
• **Claiborne Pell**	(R.I.)	CFR
• **Abraham Ribicoff**	(Conn.)	CFR
William Roth	(Del.)	CFR TC
• **Paul Sarbanes**	(Md.)	CFR
• **Adlai Stevenson**	(Ill.)	CFR
Stuart Symington	(Mo.)	CFR
Robert Taft, Jr.	(Ohio)	TC

HOUSE

John Anderson	(Ill.)	CFR TC
• **Les Aspin**	(Wisc.)	CFR
• **J.B. Bingham**	(N.Y.)	CFR
• **John Brademas**	(Ind.)	CFR TC
• **Barber Conable, Jr.**	(N.Y.)	TC
• **William R. Cotter**	(Conn.)	CFR
• **Dante Fascell**	(Fla.)	CFR
Thomas Foley	(Wash.)	TC
• **Donald Fraser**		CFR TC
• **Stephen Solarz**	(N.Y.)	CFR

*William Brock, Chrmn., Republican National Committee CFR TC

• ***Voted to transfer ownership of the American canal in Panama to a Marxist dictatorship.***

THIRTEEN

"The great cause, therefore, of the devastating march of revolutions, and the total subversion which they in general effect in the liberties of the people, is the fundamental change in laws and institutions which they effect."

SIR ARCHIBALD ALISON (1792-1867)

THE FEUDAL STATE*

AMERICAN SERFS LABOR FOR DIRECTORS OF THE NEW FEDERAL CORPORATION

The constitutional crisis arises from attempts by federal agencies to centralize political power in the hands of private interests. The instrument of subversion is the Council on Foreign Relations. Its agents are the departments of the federal government.

Semi-secret and quasi-official, the Council on Foreign Relations is dominated by the Rockefeller brothers, David Rockefeller being Chairman of the Board.

Some researchers declare that the Rockefeller Family represents the U.S. interests of an international banking cartel founded by Meyer Anseim Rothschild in the eighteenth century.

> "The C.F.R.," says Don Bell, editor of Closer Up, "is a 'conglomerate of leaders' wherein are banded together—for purposes of control and direction—the principal policy makers and opinion molders of the Nation. Membership," he says, "includes international bankers, multinational moguls, conglomerate chieftains, labor leaders, religious luminaries, educationalists, and media managers, journalists, columnists, commentators, authors, editors and publishers."

The objective of this "conglomerate of leaders" is overthrow of the United States Constitution and the erection of a federal corporation upon the ruins of the Republic. Directors of the new federal corporation are the masters of the financial / industrial cabal who head the Council on Foreign Relations.

Devastation of individual freedom and property rights, twin goals of C.F.R. planners, is a technique of revolution. An eighteenth century barrister, Sir Archibald Alison, noted the inevitable consequence of overthrowing the established order by revolutionary techniques:

> When it is said that institutions formed by the wisdom of our former ages should not be changed, it is not meant that our ancestors were gifted with any extraordinary sagacity, or were in any respect superior to what we are—what is meant is, that the customs which they adopted were the result of experienced utility and known necessity; and that the collection of usages, called the constitution, is more perfect than any human wisdom could at once have framed, because it has arisen out of social wants, and been adapted to the exigencies of actual practice, during a long course of ages.

The Constituion of the United States has just such a lineage, having been based upon ancient

---

* Reprinted from, The Republic: Decline and Future Promise, (1975) by Archibald Roberts

records of human endeavor, among these being the Magna Carta.

> "To demolish and reconstruct such a constitution," Alison warned, "to remove power from the hands in which it was formerly vested, and throw it into channels where it never was accustomed to flow, is an evil incomparably greater, an experiment infinitely more hazardous, than the total subversion of the liberties of the people by an ambitious monarch or a miliary usurper, because it not only destroys the balance of power at the moment, but renders it impossible for the nation to right itself at the close of the tyranny, and raises up a host of separate revolutionary interests, vested at the moment with supreme authority, and dependent for their existence upon the continuance of the revolutionary regime. It is to government," Alison explained, "what a total change of landed property is to the body politic; a wound which, as Ireland sufficiently proves, a nation can never recover."

The capability for revolutionary change of this magnitude by the Council on Foreign Relations is difficult to comprehend unless the power behind the Rockefeller name is understood. One must visualize the interlocking relationships that exist between the corporate royalists and the banker barons.

One example may serve to illustrate this interlock:

Sir John J. Loudon of London is chairman of the International Advisory Committee of the Rockefeller Chase Manhattan Bank of New York, and a board member of the Chase Manhattan Corporation which controls the Chase Manhattan Bank, with world-wide branches. Sir Loudon is also chairman of Royal Dutch Petroleum, The Hague, as well as director of Shell Petroleum Company Limited. Royal Dutch Shell is ranked number one among some five hundred of the largest corporations in Europe. Significantly, Loudon of London is also a trustee of the Ford Foundation.

Closer Up, 4 January 1974 issue, lists no less than eleven corporate royalist / banker barons holding similar interlocking policy-making positions in the new federal corporation.

The parallel between the political revolution currently in progress in America and the transformation which ultimately overturned the British system, was drawn by Sir Alison, English historian and barrister in, Alison's Miscellaneous Essay, over one hundred years ago. The comparisons are shockingly familiar.

> "As the Reform Bill proposes to throw a large part of the political power in the State into new and inexperienced hands," said Alison, "the change thereby contemplated is incomparably greater and more perilous than the most complete prostration of the liberties, either of the people or the aristocracy, by a passing tyranny. It is the creation of new and formidable revolutionary interests which will never expire; the vesting of power in hands jealous of its possession, in proportion to the novelty of its acquisition, and their own unfitness to wield it, which is the insuperable evil. Such a calamity," he said, "is inflicted as effectually by the tranquil and pacific formation of a new constitution as by the most terrible civil war, or the severest military oppression. The liberties of England survived the Wars of the Roses, the fury of the Covenant, and the tyranny of Henry VIII; but those of France were at once destroyed by the insane innovations of the Constituent Assembly. And this destruction took place without any bloodshed or opposition, under the auspices of a reforming king, a conceding nobility, and an intoxicated people, by the mere unresisted votes of the States-General."

As though inspired by today's headlines Sir Alison then stated:

> The example of France is so extremely and exactly applicable to our changes—the pacific and applauded march of its innovations was so precisely similar to that which has so long been pressed upon the legislature of this country, that it is not surprising that it should be an extremely sore subject with the Reformers that they should endeavor, by every method of ingenuity, misrepresentation, and concealment, to withdraw the public attention from so damning a precedent.

Sir Alison, a voice of reason from an earlier age,

might well be heeded in contemplating the distractions of Watergate.

Since Watergate we no longer have an accurate list of CFR members who are also employees of the Executive Branch of government. We do know that, in his first term, Nixon appointed over one hundred CFR members to his staff of advisors, assistants, bureau chiefs, agency heads, and other key positions. It may safely be assumed that the Rockefeller-CFR interlock has full control over the federal government.

Don Bell points out that, shortly after the Rockefellers gained mastery of the Council on Foreign Relations and began to use it to direct U.S. foreign policy, there was also established in Chicago, on ground donated to the University of Chicago by the Rockefeller Family, a Public Administration Clearing House, better known as "1313." This Rockefeller-financed center has been responsible for the training and placement of appointed public administrators who now control all levels of domestic government. Transfer of responsibility from elected officials at State, county, and municipal levels of government has been going on for fifty years and few Americans have been aware of this, or of its implications.

CFR domination of communications media effectively prevents the majority of American citizens from knowing that a revolutionary level of government has been installed in this nation, and that it is rapidly replacing State and local governments. These traditional and constitutional governmental bodies are being phased out of the society as the new federal corporation is phased in.

How many Americans realize that Roy Ash, former president of a multinational conglomerate, the Litton Industries, was appointed chairman of the President's Advisory Council on Executive Organization. The Advisory Council on Executive Organization fathered the restructuring of the Federal System into a Federal Corporation.

Roy Ash was then brought in as head of this vast new federal control system which spreads itself from the Executive Office of the President, through the Office of Management and Budget, then to the Undersecretaries of the various federal administrations, down to the Ten Federal Regional Councils that are scattered throughout the temporarily existing States.

This revolutionary level of government is complete within itself, Don Bell reports. Acting as chairman and absolute dictator, responsible only to Roy Ash, is the Deputy Director of the Office of Management and Budget. The Deputy Director of OMB chairs the Undersecretaries Group for Regional Operations.

The Undersecretaries Group controls, in turn, the Ten Federal Regional Councils, with their seats of government at the ten Federal Region Capitols in Boston, New York, Philadelphia, Chicago, Dallas/Fort Worth, Kansas City, Denver, San Francisco, and Seattle.

Thirty years ago James Burnham, in his book, The Managerial Revolution, predicted the rise of a new ruling class whose ascent to power if not challenged was inevitable. Burnham identified these "managers" as a type of professional with command training quite distinct and towering above the capabilities needed for routine jobs. Rule over the United States, he predicted, would be obtained through state (federal) ownership and control, with appointed managers rather than elected officials heading the departments of government.

Burnham's "new ruling class" is here. The issue is no longer who is the candidate in an election—any charismatic can be president, governor, or mayor—if he can take and deliver orders.

The new breed of appointed managers was conceived, nourished, trained, and placed in position by the use of funds supplied by tax-exempt foundations—Ford, Rockefeller, Carnegie, Alfred P. Sloan, and others. Foundation funds are used to finance special courses at colleges and universities where these new public managers are trained. Post-graduate courses are provided to special persons by the Council on Foreign Relations and its branches; Henry Kissinger being such a foreign affairs trainee.

Meantime, "1313" was able to unionize and provide job placement for their domestic experts as city managers, metro managers, regional council officials, and other takeover positions within local governments. Big business, of course, provided top-echelon directors for the new revolutionary government.

Thus has developed the New Federal Corporation, with its new ruling class operating through trained appointed managers.

These revolutionary programs reveal a systematic attack upon the American people.

Corporate royalists and banker barons have gained control of the federal government and employ its agencies to cancel the rights of person and property guaranteed to the people by the Constitution.

The Constitutional Compact does not permit usurpation of constitutional powers. Transformation of our elective form of government to an appointed form of government is specifically prohibited by its articles. Lacking constitutional authority, acts by federal agents which effect such change are against the law. Being unlawful, they must be put down.

The law is clear on this point:

> "The general rule," the Court has declared, "is that an unconstitutional act of the legislature protects no one. It is said that all persons are presumed to know the law, meaning that ignorance of the law excuses no one; if any person acts under an unconstitutional statute he does so at his peril and must take the consequences."[1]

State officeholders, therefore have a positive duty to enforce the provisions of the Constitution. It is a continuing obligation and may not be met merely by an empty oath taken upon accepting public office.

In the past State legislators have found it necessary to reaffirm the restrictions placed upon the federal government by the Constitutional Compact. Such a case arose from the oppressive Sedition Act of 14 July, 1798, by which the United States Congress attempted to abridge freedom of the press. This act elicited the Kentucky Resolution of 19 November, 1799, repudiating the unauthorized acts of the Congress.

The Kentucky Resolution, to which all sister States became party, holds special importance for modern lawmakers in the respective State legislatures.

> "Resolved that the several States composing the United States of America," declared the Kentucky Legislature, "are not united on the principles of unlimited submission to their general government; but that by Compact under the style and title of a Constitution, for the United States and of amendments thereto, they constituted a general government for special purposes, delegated to that government certain definite powers, reserving to each State to itself the residuary mass of right to their own self-government; and that whensoever the general government assumes undelegated powers, its acts are unauthoritative, void, and of no force; that to this Compact each State acceded as a State and is an integral party, its co-states forming as to itself the other party, that the government created by this Compact was not made the exclusive or final judge of the extent of the power delegated to itself since that would have made its discretion, and not the Constitution, the measure of its powers; but that as in all other cases of Compact among parties having no common judge, each party has an equal right to judge for itself, as well of infractions as of the mode and measure of redress."

The reason that the people of each State are burdened by illegal acts of federal agents, and their surrender of the powers of government to private interests, is because the State has not repudiated the attempts of its agents in Washington to act beyond their authority. These unlawful acts have the effect of "law" not by reason of a nonexistent authority of the federal agent, but because of the authority the State gave to these acts by failing to challenge the attempts of its federal agents to exceed their authority.

To meet the constitutional crisis the people, acting through officials they have elected to represent them, must force the State legislature to insure that all provisions of the Constitution are respected and enforced within the boundaries of the State.

The State, acting at its highest sovereign capacity, must wrest control of its destiny from the evil hands of those unfit to wield such power. Federal regulation over land, business, development, utilities, production, services, property, and people has never been delegated to any government or federal agency by the people of the State. Only by corrective action by the State legislature can the insane innovations of the revolutionary federal corporation be terminated and the laws and institutions of the Republic restored.

The place to begin is at the county level of government, the government closest to the people.

---

[1] 16 Am Jur, 2nd Sec. 178, Constitutional Law

THE ENLIGHTENED ONES*

As most of our readers will probably know, the Order of the Illuminati are the self-proclaimed "enlightened ones" who have taken it upon themselves to lead humanity out of their miserable state of bondage to usher in an age of equality and injustice for all (except them). Let us take a closer look at them and see just who the enlightened ones really are.

The order was founded in the 1760's by one Adam Weishaupt, a Jesuit priest and a professor of the Canon law at Ingolstadt University in Germany; a Jew (khazar) by birth who converted to Catholicism. When the Illuminati were established, they used the Masonic Lodge as a cover, a breeding ground for their detestable doctrines, and as a front into which they could lure and through which they could screen the most likely candidates to whom and eventually by whom to propagate their nihilistic doctrines of conquest, through deception and treachery.

They found it much to their advantage to lead the Masons to think that the Illuminati were the secret leaders of the Masonic Lodges, carefully concealing their true nature. It was the wish of Weishaupt to set up the Masons to take the brunt of the criticism and suspicion which would otherwise be thrown on him and his order, were the truth known. This was to be accomplished by making the mysterious Illuminati seem above suspicion as the "enlightened" Masonic leaders who could not possibly suffer reproach for the conduct of the less enlightened, but secret documents and intra-order correspondence were both divulged by disgusted defectors and discovered by accident, which gave the Elector of Bavaria, after one fruitless attempt to quell their revolutionary activities, the ammunition he needed to outlaw and disband the Illuminati in his country, which sent Weishaupt fleeing into exile in Switzerland but he did not stop him or the wheels he had set in motion.

Let me now give a profile on Weishaupt, to show just what kind of degenerate he really was, using the facts John Robison, professor of Natural Philosophy and Secretary to the Royal Society of Edinburgh in Scotland, brought forth in his book, Proofs of a Conspiracy, published in 1798.

Weishaupt:

> Of all the means I know to lead men, the most effectual is a concealed mystery. The hankering of the mind is irresistible; and if once a man has taken it into his head that there is a mystery in a thing, it is impossible to get it out, either by argument or experience. And then, we can so change notions by merely changing a word. What more contemptible than fanaticism; but call it enthusiasm, then add a little word noble, and you may lead him over the world.

Weishaupt's manner of gaining entrants into the order and "illuminating" them by degrees, concerning the higher secrets of the order puts me to mind of a spider who spins a web which, to his unwitting prey, appears to be a long tunnel through which he may travel, but on entrance he is promptly ensnared, leaving him helplessly at the mercy of his predator, because; once the entrant has been lured into and successfully qualified for the higher degrees of the order, he is bound by an oath of secrecy, the breaking of which will evoke the promise of sure death at the hands of the order's faithful adherents.

Weishaupt's initial lure was a promise of establishing a Utopian happiness (cosmopolitism) by liberating people from the prejudices which divide them, by teaching them to know themselves, illuminating their minds with the "sun of reason," making all men equal. He baited the trap further by telling the initiates that they were to affect this change by obtaining, for all the Illuminati members, prestigious positions according to each person's abilities, from which they could influence governments, and eventually rule over them in an advisory capacity.

By infiltrating and / or influencing publishing houses, booksellers, and the Literati, he began to foment diatribe against the depotism of monarchs and the corruption of religion using this general atmosphere of political and religious descension to put over his schemes.

Weishaupt:

> Many will come over to our party, and we shall bind the hands of the rest, and finally conquer them.

As the initiate of the Illuminati made his way up through the degrees, the true nature of Weishaupt and his plans were gradually revealed. He created a religion which was a very much diluted and perverted form of Christianity, of which he boasted having deceived a protestant minister who claimed it to be the one true religion. In the doctrines of this religion, he claimed that Christ is

— ----------

*Tom Robison, reprint permission The American Sunbeam, Springdale, AR

the true Grand Master of the Masonic Lodge and the original cosmopolite, subtly reducing him to the state of a mere philosopher and perverting the Christ's true teachings. By degrees, he revealed to the initiate that even this religion is really only a hoax, a deterrent, or a test of the initiate's gullibilities, until he finally reveals the order's doctrine as Atheism, but he used this religion in modified forms to lead astray many who were not of the order.

When the Great Secrets are fully revealed, it is finally clear to his prey that:

1. True cosmopolitism which is first supposed to be the state of universal equality and liberty for all, which, through the strivings of the order, would replace the despotism and oppression of the monarchs, is really oligarchy, in which the higher-ups of the Illuminati will reign with their own despotic system as the god-state to which a world of (equal) slaves must pay tribute and homage.

2. The "sun of reason" which is supposed to illuminate their understanding and release them from all prejudices, superstitions, etc. is really the life consuming fire of vanity, which casts deluding shadows upon truth in the darkness of a consciousness totally lacking in reason, illuminating in them only cunning, treachery, deceit, and absolute corruption with fear, hate, shame, guilt, lust, greed, and prejudice.

3. It is too late for him to turn back now, and it is all or nothing. The inferior type of mind that is lured this far into the trap will either reject his conscience, if he has one, and embrace "illuminism" with all his zeal or become helplessly frustrated by his conscience and fearfully resign himself to playing party to the greatest deception put over on humanity in all our recorded history.

Weishaupt would stop at nothing to accomplish his aims, as Robison proved with facts. He was above no act of depravation, yet; it is said that, with the help of Rothschild finances, he eventually recruited some 2,000 followers; easily attracting men with some vendetta against the rich, the monarchs or the religions; often non-industrious men who resented the wealth of the industrious. These profligates became some of the most active participants of the order, insinuating themselves, with Rothschild financial aid, into positions of clergy, law, the judicial systems, education, literati, booksellers, etc.

Weishaupt also attracted more industrious people in the fields of arts and letters, education, the sciences, finance and industry, and even some members of the royal families, but these, as a rule, were never admitted into the higher degrees of the order, but proved to be useful tools in his hands by deceiving them to believe they were engaged in an order quite different from what it was.

Weishaupt, it is obvious, was a depraved degenerate, and all the leaders of the "illuminati" since him have been no less the same. Though unforeseen occurrences may have altered the implementation of their plans slightly, over the years, their aim has not changed and every method they have employed to accomplish it is still characteristic of a spider. They are no longer called the "illuminati," but the Bilderberger family, yet they still retain their aura of mystery and attempt to present a general air of philanthropy. The United Nations is their vehicle for cosmopolitism. Their members may be found among the CFR and the Rockefeller baby, the Trilateral Commission; they have infected our learning institutions, our governments, our religions, communications media and so forth, but you will never find one of them who is truly illuminated by the "sun of reason." In this they prove themselves totally inferior, for they have been inculcated with something that is quite the reverse of intelligence. No intelligent man would go to these extremes to conquer what God has ordained by nature.

They cannot possibly prevail, for even if they do infest the entire earth with the disease they are carrying, they have not conquered until no trace of freedom is left in even a single human being, which if they accomplish God can and surely will eradicate even our entire species to prevent the disease from spreading to other parts of His body, but; if we are aware of this disease and separate ourselves from it, adhering to the patterns of truth which exist apart from it, gearing ourselves to survive in it's face, vigilant of the capabilities of the infected to kill or murder and stop at nothing to accomplish their aims, they will come to their certain end, nonetheless, and humanity can proceed with their potential to be "illuminated" by the true "sun of reason" unto the day when we may live peacefully and happily, though vigilantly, in equality and liberty, with justice for all, not as slaves, but as dignified and diverse human beings, as told us by St. John in his book of Revelations.

'There is a light that shineth in the darkness, and the darkness comprehendeth it not."

FOURTEEN

"Freedom can only be won . . . the warfare is continuous and each generation comes to the front to fight for it as though the battle had just been joined."

BISHOP R. A. BROWN

RUNNYMEDE: PRELUDE AND AFTERMATH*

On a cannon in a fortress on an island in the Caribbean Sea is engraved the statement, "Resistance to tyranny is obedience to God." Tyranny, since man's creation, since his fall, has sought to dominate him from one source or another. The first man, Adam, in disobeying God, fell under the power and sway of tyranny, of Satan, and has had to do battle with him ever since. Satan never lets up. "Sin lieth ever at the door." Man is not a free agent except to the extent that he is free in God, freed by the blood shed by Jesus Christ. He is free and strengthened in the Spirit of God, as he serves God; otherwise he is enslaved by the powers of evil that lead to sin, darkness, doubts, fear, uncertainty, loneliness, and finally to death and hell.

Freedom cannot be won in one generation and be expected to survive, to continue. The Battle for Freedom is a continuing battle, a perennial battle, that must be carried on constantly. We cannot achieve a victory in one generation, or in one century, and rest on our laurels, our victory. We cannot "lay our armour down," as the hymn says. We must be fighting continually or be submerged in the flood of the backwash. As someone has wisely said, "The roots of the tree of freedom must be watered with the blood of patriots in every generation."

---

*Address by The Most Reverend James Parker Dees, A.B., B.D., D.D., to the North Carolina Chapter, Dames of Magna Carta, Chapel Hill, North Carolina, 19 March 1983. Bishop Dees is a Council Member, Committee to Restore the Constitution, Inc.

Satan and his powers and his forces and his subtle maneuvering against mankind has never let up since his seduction of Adam in the Garden of Eden, and Satan has never been more active than he is today. Through the ages we have seen mankind enslaved by one instrument of Satan, after another, acting through his human agents, who have tried to enslave him through the use of economic power, political power, spiritual power, and indeed every sort of diabolic power to wrest man from his freedom in God,—through drug addiction, alcoholic addiction, through the temptations and sins of the flesh, lust, greed, hatred, and all the other natural frailties of the natural man. As we look around us in the world today and see the forces that control man, his greed, greed, greed, and his disregard for God's Word, disregard for the call of Jesus, we can't help but wonder that He does not wash his hands of this world.

Man's desire for freedom is instilled in him as he looks to Jesus. In Jesus we see God. Jesus said, "He that hath seen me hath seen the Father." To see Him is to desire Him, to desire freedom in Him. To call on Him is to be given His Spirit, which working in us through faith, frees us from slavery to sin, gives us dignity and value in His Sight, makes sin and slavery intolerable, and gives us the will to fight, and the strength with which to fight. We become new creatures in his sight demanding our God-given birthright of freedom, spiritual freedom, economic freedom, political freedom, freedom from the personal and physical and spiritual sins that encompass our nature as fallen men. He gives us the strength with which to

fight for freedom. Strength is of God, not of ourselves. Our direction is from God, not ourselves. We are called by Him, to Him, to dwell in Him, and find cleansing and freedom.

Today we are pleased to remember the Barons of Runnymede who took up the banner of freedom against the slavery imposed on them by King John. The Barons did not come to this Freedom on June 15, 1215, nor in a few days, nor even a hundred years. William the Conqueror took England at the Battle of Hastings in 1066, bringing his army over from Normandy. His followers settled and spread through the land seizing property, exacting fines from the landowners, throwing them into dungeons, prisons, unjustly, without recourse to justice, and otherwise creating hostility between himself and the landed gentry.

The hostility between the landed gentry and the royal authority increased through the years, through Williams I's reign and through his son William IIs reign; until, when he was succeeded by Henry I in the year 1100, the landed gentry, the Barons and other nobles, succeeded in procuring a charter which was a significant fore runner to the Charter of 1215. In order to secure his position on the throne, Henry I in 1100 granted the landed gentry a charter which secured their support for the new king himself, in 1100. This charter of Henry I (in 1100) is extremely important, not merely as a direct precedent for the Great Charter of John, but as the first limitation on the despotism established by William the Conqueror and carried to such a height by his son, Rufus, William II. The "evil customs" by which the "Red King," Rufus, had enslaved and plundered the church were explicitly renounced in this charter, the unlimited demands made by both the Conqueror and his son on the baronage were exchanged for customary fees, while the rights of the people themselves were not forgotten. The barons were ordered to do justice to their under-tenants and to renounce tyrannical exactions from them, and the king in turn promising to restore order and the "law of Edward," the old constitution of the realm, of Edward the Confessor.

We move on now to the next century, the 1200's, the century of the Magna Carta. Many events of interest preceded the immediate signing of the charter. John, the youngest son of Henry II was given the oath of fealty by the Barons in 1199.

Early in the century in 1207, King John forfeited the support of the Roman Church by refusing to accept the appointment by Pope Innocent HI of Stephen Langton to serve the Church in England as the Archbishop of Canterbury; and as a result the Pope placed England under a papal interdict, in 1208, which allowed no religious services in England and in 1209 the Pope excommunicated John himself.

John began to find himself in trouble. Faced with demands at home from his barons for justice in taxation and for proper treatment in the courts, he was faced also with threats of war from abroad. He sensed the need of help from the church, and so he began to seek reconciliation with it.

And so in 1213-1214, John resigned to the Pope his kingdoms of England and Ireland and received them back again from the Pope in exchange for his vow of allegiance to the Pope and for an annual payment of 1000 marks. Stephen Langton was received as papal legate, Archbishop of Canterbury, who absolved John from excommunication and reinstated him in the church. Thus John secured important new sources of support in the Pope and in the clergy.

The proposal from the barons to secure a charter of liberties was first put forward to John in July of 1213. In August "his honesty of purpose" was questioned. More specific guarantees for his future conduct were sought. At a meeting in St. Paul's on August 25, 1213 Stephen Langton, the restored Archbishop of Canterbury, proposed that the King should be asked to confirm or reissue the charter of liberties granted by Henry I in 1100, which contained grantings of freedom of the sort now being demanded. At this point, all present swore that when the opportune moment arose, they would fight to the death to secure such a charter.

At this point John planned a campaign of arms in France, and made fresh demands on the knights for more men and money. The opposition to these demands was fierce. His campaign was not successful. John continued to make his demands and the barons continued to resist. The barons continued to make their demands for a charter recognizing their rights. John continued to put them off or circumvent in one way or another, for one reason or another, giving them no definite answer. While he was staying at the Temple, in London, in January 1215, a party of barons appeared before him, arrayed in full armour, and presented the demands—by this time more elaborately conceived—for a charter that should

confirm the ancient liberties of the kingdom, as set out in Edward the Confessor's laws, in the coronation charter of Henry I, and in the coronation oath renewed by John himself, just eighteen months beforehand.

To these demands John succeeded, with some difficulty, in deferring an answer to a meeting at Northampton on the Sunday after Easter—26 April—on the grounds that the matter was too complex for immediate reply. Meanwhile he at once dispatched envoys to Rome, to apprise his overlord, the Pope, of the situation. He also began to marshall his resources for a trial of strength. Among other preparatory measures, on 4 March he took the Cross as a crusader, a step that secured for his person and his possessions the Church's most special protection.

In Holy Week 1215, ten days before the date appointed by John for the delivery of his answer, the storm finally broke. On May 5th the barons formally renounced their allegiance to John. The angry barons came together at Stamford, in Lincolnshire and moved forward to force the king's hand. Proposals and counter proposals were made and rejected. On May 17 the barons captured London, which strengthened considerably their position.

In the meantime less conspicuous negotiations seem to have been taking place between Langton and the Earl of Pembroke. And to the influence of these intermediaries should probably be given credit for the eventual meeting between the King and the barons on the Field of Runnymede on June 15, 1215 to work out their differences and to finally get John's signature on their charter.

John signed the Charter on the field of Runnymede by the River Thames, by Windsor Castle, between Windsor and Staines.

Magna Carta has come to be regarded by Englishmen, and by all who have adopted English laws, as their chief constitutional defense against arbitrary or unjust rule. Its two most famous clauses (39 & 40) express and give warranty to some of the Englishman's most deeply held political beliefs. They read:

> No free man shall be seized or imprisoned, or stripped of his rights or possessions, or outlawed or exiled, or deprived of his standing in any other way, nor will we proceed with force against him, or send others to do so, except by the lawful judgement of his equals or by the law of the land.

In these and other clauses, seventeenth-century lawyers were to find a basis for such fundamental English privileges and rights as trial by jury, Habeas Corpus, equality before the law, freedom from arbitrary arrest, and parliamentary control of taxation. For such reasons Magna Carta could be described by William Pitt, Earl of Chatham, in 1770 as forming, with the Petition of Right (1629) and the Bill of Rights (1689), the 'Bible of the English Constitution.[1]

Besides the many rights and privileges accorded to the barons by the Charter, of special significance is the establishment of the Council of Barons to protect the barons and citizens generally from encroachments of the rights specified in the charter and from harrassment by John. Paragraph 61 of the Charter reads:

> (61) SINCE WE HAVE GRANTED ALL THESE THINGS FOR GOD, for the better ordering of our kingdom, and to allay the discord that has arisen between us and our barons, and since we desire that they shall be enjoyed in their entirety, with lasting strength, for ever, we give and grant to the barons the following security:
>
> The barons shall elect twenty-five of their number to keep, and cause to be observed with all their might, the peace and liberties granted and confirmed to them by this charter.
>
> If we, our chief justice, our officials, or any of our servants offend in any respect against any man, or transgress any of the articles of the peace of this security, and the offence is made known to four of the said twenty-five barons, they shall come to us—or in our absence from the kingdom to the chief justice—to declare it and claim immediate redress. If we, or in our absence abroad the chief justice, make no redress within forty days, reckoning from the day on which the offence was declared to us or to him, the four barons shall refer the matter to the rest of the twenty-five barons, who may distrain upon and assail us in every way possible, with the support of the whole community of the land by seizing our castles, lands, possessions, or anything else saving only our own person and those of the queen and our children, until they have secured

such redress as they have determined upon. Having secured the redress, they may then resume their normal obedience to us.

The Council of Barons evolved ultimately into the British Parliament. The Magna Carta has received much praise for what it ultimately accomplished. Sir Edward Coke finds in Magna Carta a full and proper legal answer of every exaction of the Stuart Kings, and a remedy for every evil suffered at the time. Sir William Blackstone is almost equally admiring. Edmund Burke says, "Magna Carta, if it did not give us originally the House of Commons, gave us at least a House of Commons of weight and excellence." More modern historians speak in the highest terms of the importance of Magna Carta summing up their evaluation of it with the observation: "The whole of the constitutional history of England is a commentary of this charter."

Magna Carta represents a treaty of peace imposed upon King John by barons who had rebelled against him for reasons that the charter's terms themselves make clear. His financial demands in aid of his foreign wars were held to be oppressive; the methods by which taxation was assessed and collected were arbitrary and extortionate; reprisals against defaulters were ruthless and brutal; for wrongs suffered there was no redress. For these abuses a remedy was sought, and since it was by charters that medieval kings customarily made their most solemn and binding grants to their subjects, it was through a charter that men thought that an effective remedy might be found.

But signing of the charter at Runnymede was not the ending of the war of the Barons for their rights. It was a significant point in establishing a new beginning for it.

John had no intention of abiding by the Charter, and it was apparent that "No securities could bind him." Even before Magna Carta was signed, he had set to work to destroy it, and he now turned to this task with renewed vigor. He appealed to the Pope, and hoped to crush his enemies with foreign troops, while the barons themselves prepared for war, and the prelates strove to keep the peace. On the 24th of August 1215, less than two months after the signing, Pope Innocent III published a bill which declared Magna Carta null and void, since, he said, it had been extorted from the King by force. He followed this up by excommunicating the barons who had obtained it, and in the autumn of 1215 the inevitable war began. John achieved some successes, and the barons asked the French for help. At this point, "The aim of the barons was no longer to secure an agreement with John, to get him to agree to the Charter, but to achieve his destruction." In the midst of these warring factions, one writer says that "The Charter of Runnymede seemed likely to pass into the limbo of forgotten things. John died unexpectedly in October 1216, at the age of 49, from dysentary brought on, it was said, by too much of peaches and new cider. He died at Newark, and was buried in Worcester Cathedral."

His successor, Henry III, was no more inclined to abide by the Charter than was King John, but he thought it expedient to accept it two weeks after his coronation and after it had been re-edited, somewhat to meet the changed circumstances with him king. This time it was re-edited and issued with the Pope's approval. It was revised and re-issued again in 1217, and again in 1225, each time after more controversy between the barons and the king. The rights given the people and barons were continually fought over and demanded and denied and reissued throughout the reign of Henry III, in 1237, 1253, and 1265. J. R. Green in his History of the English People, remarks that "Henry had sworn again and again to observe the Charter, and his oath was no sooner taken than it was unscrupulously broken. The barons had secured the freedom of the realm; the secret of their long patience lay in the difficulty of securing its right administration." The Earl of Norfolk once refused Henry aid, and Henry said, "I will send reapers and reap your fields for you," to which the Earl replied, "And I will send you back the heads of your reapers."

Edward I followed Henry to the throne after Henry's death, being recognized by the barons on November 20, 1272. The development of the Charter continues to make history, and the conflicts between the king and the barons over his taxing of his subjects to support his wars continue.

"The admission of the burgesses and the knights of the shire to the assembly of 1295 completed the fabric of representative government," says Green in his history. "The Great Council of the Barons became the Parliament of the Realm. Every order of the state found itself represented in this assembly, and took part in the grant of supplies, the work of legislation, and in the end the control of government." (111,366).

But in 1297 the King and the Barons were still

battling over their respective rights. The King continued to demand despotically taxes to continue his war with the French in Gascony and northern France, and the nobles, as well as the church, were rejecting his demands. The barons drew together and called a meeting for the redress of their grievances. The two greatest of the English nobles, Humfey de Bohun, Earl of Hereford, and Roger Bigod, Earl of Norfolk, placed themselves at the head of the opposition ... Edward bade them to lead a force to Gascony as his lieutenants while he himself sailed to Flanders. Their departure would have left the Baronage without leaders, and the two earls refused to go on the grounds that they were not bound to do foreign service except in attendance on the King, and they refused to obey his orders. [These words following are the words of the men involved, not mine] "By God, Sir Earl," swore the King to the Earl Marshal, "you shall either go or hang!" "By God, Sir King," was the cool reply, "I will neither go nor hang!"

This was in 1297. The King backed down. Edward in 1297 again confirmed the Great Charter in exchange for a grant from the clergy and a subsidy from the Commons. "With one of those sudden revulsions of feeling of which his nature was capable the King stood before his people in Westminster Hall and owned with a burst of tears that he had taken their substance without due warrant of law." The Great Charter was solemnly confirmed by him in Ghent in November (1297); and formal pardon was issued to the Earls of Hereford and Norfolk. The Charter is relatively secure from this point on.

Freedom must be fought for and won in every generation. The price of freedom is eternal vigilance. It is bought with courage, and it is maintained with courage, and frequently with blood letting. The Charter of English freedom finds its roots in the Charter of Henry I in 1100, whose roots went back much earlier, to Edward the Confessor, at least. The victory of Runnymede in 1215 was not secured until 1297, eighty-two years later, eighty-two years of standing fast by the goals that had been won. Green's history tells us (I pg 372), "The confirmation of the Charter [in 1297], the renunciation of any right to the exactions by which the people were aggrieved, the pledge that the King would no more take 'such aids, tasks, prizes, but by common assent of the realm,' the promise not to impose on wool any heavy customs without the same assent, was the close of the great struggle which had begun at Runnymede."

God had a hand in both these events, in 1215 and in 1297. When John faced the Barons at Runnymede he had just lost battles in France that had decimated his forces, and he did not want to risk an armed encounter with his foes. In 1297 the Scots were poised for battle on the border. "It was Scotland which had won this victory for English freedom," we read in Green's history. "At the moment when Edward and the earls stood face to face, the King saw his work in the north suddenly undone." (Green 1:373) God works in history, working his purposes out. The masterplan of history is in the hands of God.

We need a Runnymede today. We need a continuing Runnymede. Powers today are seeking to take away our freedoms, our living, our personal freedom, our lives, our religious freedom, our political freedom, our economic freedom, powers, forces, conspiracies, that dwarf the confrontation at Runnymede into insignificance. We must have men and women today to confront these forces, to withstand these forces, to support those who are opposing these forces, such as the world has never known. We need in our times men of moral courage as those barons who met in St. Paul's Cathedral, London, on August 25, 1213, and who voted unanimously "to fight to the death," esteeming freedom more to be desired than life. Most people don't even want to know about these forces, the enemies of mankind. It is extremely difficult to get support from people in order to do battle with these enemies. We need red blooded men and women of courage today, or our country is gone, our civilization is gone. Many current historians and students of events have already written it off. But I stand with my friend who said, "Not to fight is unthinkable."

But God is still in his heaven, He still is the God of history and of human events. And we still have men and women of courage, not too many, but we still have some. Men and women who will stand up for God and country, and who are willing to make sacrifices. Men and women who don't measure every value by the dollar sign. Men and women who value freedom, freedom in God, freedom in the Spirit of Christ, the freedom of Eternal Life in the Infinite, above everything. We don't have many, but we have a few. The Enemy knows them, and they are under attack. Stand by them. God protect them. God save us.

Thank you.

FIFTEEN

"This Act establishes the most gigantic trust on earth. When the President (Wilson) signs this bill (Federal Reserve Act) the invisible government of the Monetary Power will be legalized. . . the worst legislative crime of the ages is perpetrated by this banking and currency bill."

CONGRESSMAN
CHARLES A. LINDBERGH

TEXT: THE FEDERAL RESERVE ACT

Complete text H.R. 7837, December 23, 1913*

Control of the United States economy, domestic and international affairs, unconstitutionally conferred upon a cartel of international bankers by Congress, is detailed under seventeen headings and thirty sections of the Federal Reserve Act:

---

*UNITED STATES STATUTES AT LARGE, 63rd Congress, 1913-1915, Vol 38, Part 1, PUBLIC LA WS, Chap 6, pp 251-275

Section 29 provides for striking offending (to the owners of the Federal Reserve System) clauses, sentences, paragraphs or parts of the Act.

Section 30 reserves the right to amend, alter, or repeal the Act.

Congressman Charles A. Lindbergh of Minnesota, father of the famous flyer, made a prophetic statement on the swindle which had been foisted on the American people by adoption of the Federal Reserve Act. Speaking on the floor of the House on December 23, 1913, the day the Federal Reserve Act became law, Mr. Lindbergh said:

> "This act establishes the most gigantic trust on earth. When the President (Wilson) signs this bill the invisible government of the Monetary Power will be legalized. . . .the worst legislative crime of the ages is perpetrated by this banking and currency bill."

FEDERAL RESERVE ACT H.R. 7837, December 23,1913

December 23,1913. in, R, 7837] [Public, No. 43.]

CHAP. 6.—An Act To provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Federal Reserve Act.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the short title of this Act shall be the "Federal Reserve Act."

Terms construed.

Wherever the word "bank" is used in this Act, the word shall be held to include State bank, banking association, and trust company, except where national banks or Federal Reserve banks are specifically referred to.

The terms "national bank" and "national banking association" used in this Act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by this Act. The term "board" shall be held to mean Federal Reserve Board; the term "district" shall be held to mean Federal Reserve District; the term "reserve bank" shall be held to mean Federal Reserve Bank.

Federal reserve districts

FEDERAL RESERVE DISTRICTS.

Designation of Federal reserve cities.

SEC. 2. As soon as practicable, the Secretary of the Treasury, the Secretary of Agriculture and the Comptroller of the Currency, acting as "The Reserve Bank Organization Committee," shall designate not less than eight nor more than twelve cities to be known as Federal reserve cities, and shall divide the continental United States, excluding Alaska, into districts, each district to contain only one of such Federal reserve cities. The determination of said organization United States two per centum Government bonds, become a first and paramount lien on all the assets of such bank.

Districts.

Reduction of reserve liability.

Any Federal reserve bank may at any time reduce its liability for outstanding Federal reserve notes, by depositing, with the Federal reserve agent, its Federal reserve notes, gold, gold certificates, or lawful money of the United States. Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

Reserve agent's duties. The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Transfer of gold to the Treasury, Secretary of the Treasury the Federal Reserve Board shall require the Federal reserve agent to transmit so much of said gold to the Treasury of the United States as may be required for the exclusive purpose of the redemption of such notes.

Exchange of collateral. Any Federal reserve bank may at its discretion withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve notes deposited with it and shall at the same time substitute therefor other like collateral of equal amount with the approval of the Federal reserve agent under regulations to be prescribed by the Federal Reserve Board.

Provisions for priming, etc., notes. In order to furnish suitable notes for circulation as Federal reserve notes, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed therefrom and numbered such quantities of such notes of the denominations of $5, $10, $20, $50, $100, as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury under the provisions of this Act and shall bear the distinctive numbers of the several Federal reserve banks through which they are issued.

Custody of notes before issue. When such notes have been prepared, they shall be deposited in the Treasury, or in the subtreasury, or mint of the United States nearest the place of business of each Federal reserve bank and shall be held for the use of such bank subject to the order of the Comptroller of the Currency for their delivery, as provided by this Act.

Custody of plates and dies. The plates and dies to be procured by the Comptroller of the Currency for the printing of such circulating notes shall remain under his control and direction, and the expenses necessarily incurred in executing the laws relating to the procuring of such notes, and all other expenses incidental to their issue and retirement, shall be paid by the Federal reserve banks, and the Federal Reserve Board shall include in its estimate of expenses levied against the Federal reserve banks a sufficient amount to cover the expenses herein provided for.

Annual examination of plates, etc. R.S., sec. 5174, p. 1000. The examination of plates, dies, bed pieces, and so forth, and regulations relating to such examination of plates, dies, and so forth, of national-bank notes provided for in section fifty-one hundred and seventy-four Revised Statutes, is hereby extended to include notes herein provided for.

Payment for engraving, printing, paper, etc. vol. 35, p. 547. Any appropriation heretofore made out of the general funds of the Treasury for engraving plates and dies, the purchase of distinctive paper, or to cover any other expense in connection with the printing of national-bank notes or notes provided for by the Act of May thirtieth, nineteen hundred and eight, and any distinctive paper that may be on hand at the time of the passage of this Act may be used in the discretion of the Secretary for the purposes of this Act, committee shall not be subject to review except by the Federal Reserve Board when organized: Provided, Proviso. That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal Reserve Board, not to exceed twelve in all. Such districts shall be known as Federal reserve districts and may be designated by number. A majority of the organization committee shall constitute a quorum with authority to act.

Apportionment of territory. Designation, etc.

Reserve Bank Organization Committee. Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make

Duties and authority. such investigation as may be deemed necessary by the said committee in determining the reserve districts and in designating the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization in each of the cities designated of a Federal reserve bank, which shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago."

Written acceptance of Act by banks. Under regulations to be prescribed by the organization committee, every national banking association in the United States is hereby required, and every eligible bank in the United States and every trust company within the District of Columbia, is hereby authorized to signify in writing, within sixty days after the passage of this Act, its acceptance of the terms and provisions hereof. When the organization committee shall have designated the cities in which Federal reserve banks are to be organized, and fixed the geographical limits of the Federal reserve districts, every national banking association within that district shall be required within thirty days after notice from the organization committee, to subscribe to the capital stock of such Federal reserve bank in a sum equal to six per centum of the paid-up capital stock and surplus of such bank, one-sixth of the subscription to be payable on call of the organization committee or of the Federal Reserve Board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal Reserve Board, said payments to be in gold or gold certificates.

Federal reserve banks.

Subscriptions by national banks to, required.

Payment for stock.

Responsibility of shareholders. The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this Act.

Nonaccepting banks not to be reserve agents. Any national bank failing to signify its acceptance of the terms of this Act within the sixty days aforesaid, shall cease to act as a reserve agent, upon thirty days notice, to be given within the discretion of the said organization committee or of the Federal Reserve Board.

Dissolution of nonaccepting national banks. Should any national banking association in the United States now organized fail within one year after the passage of this Act to become a member bank or fail to comply with any of the provisions of this Act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank Act, or under the provisions of this Act, shall be thereby forfeited. Any noncompliance with or violation of this Act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located, under direction of the Federal Reserve Board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the failure to become a member bank under the provisions of this Act, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation.

Dissolution for violations of this Act.

Liability of directors.

Further remedies. Such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have been previously incurred.

Public subscriptions to stock of Federal reserve banks. Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them be, in the judgment of the organization committee,

insufficient to provide the amount of capital required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment and stock liability as provided for member banks.

Limit of public subscriptions.

No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than $25,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal reserve bank by the chairman of the board of directors of such bank.

Conditional allotment to United states.

Should the total subscriptions by banks and the public to the stock of said Federal reserve banks, or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee shall allot to the United States such an amount of said stock as said committee shall determine. Said United States stock

Payment, etc.

shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such manner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

No voting power.

Stock not held by member banks shall not be entitled to voting power.

Transfers of stock.

The Federal Reserve Board is hereby empowered to adopt and promulgate rules and regulations governing the transfers of said stock.

Capital required.

No Federal reserve bank shall commence business with a subscribed capital less an $4,000,000. The organization of reserve districts and Federal reserve cities shall not be construed as changing the present status of reserve cities and central reserve cities, except in so far as this Act changes the amount of reserves that may

Appropriation for expenses of organization committee.

be carried with approved reserve agents located therein. The organization committee shall have power to appoint such assistants and incur such expenses in carrying out the provisions of this Act as it shall deem necessary, and such expenses shall be payable by the Treasurer of the United States upon voucher approved by the Secretary of the Treasury, and the sum of $100,000, or so much thereof as may be necessary, is hereby appropriated, out of any moneys in the Treasury not otherwise appropriated, for the payment of such expenses.

Branch offices.

BRANCH OFFICES.

Establishment of branch banks.

SEC. 3. Each Federal reserve bank shall establish branch banks within the Federal reserve district in which it is located and may do so in the district of any Federal reserve bank which may have been suspended. Such branches shall be

Management, etc.

operated by a board of directors under rules and regulations approved by the Federal Reserve Board. Directors of branch banks shall possess the same qualifications as directors of the Federal reserve banks. Four of said directors shall be selected by the reserve bank and three by the Federal Reserve Board, and they shall hold office during the pleasure, respectively, of the parent bank and the Federal Reserve Board. The reserve bank shall designate one of the directors as manager.

Federal reserve banks.

FEDERAL RESERVE BANKS.

Establishment of districts and reserve cities.

SEC. 4. When the organization committee shall have established Federal reserve districts as provided in section two of this Act, a certificate shall be filed with the Comptroller of the Currency showing the geographical limits of such districts and

Notice for organization. the Federal reserve city designated for each of such districts. The Comptroller of the Currency shall thereupon cause to be forwarded to each national bank located in each district, and to such other banks declared to be eligible by the organization committee which may apply therefor, an application blank in form to be approved by the organization committee, which blank shall contain a resolution to be adopted by the board of directors of each bank executing such application, authorizing a subscription to the capital stock of the Federal reserve bank organizing in that district in accordance with the provisions of this Act.

Organization proceedings.. When the minimum amount of capital stock prescribed by this Act for the organization of any Federal reserve bank shall have been subscribed and allotted, the organization committee shall designate any five banks of those whose applications have been received, to execute a certificate of organization, and thereupon the banks so designated shall, under their seals, make an organization certificate which shall specifically state the name of such Federal reserve bank, the territorial extent of the district over which the operations of such Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares into which the same is divided, the name and place of doing business of each bank executing such certificate, and of all banks which have subscribed to the capital stock of such Federal reserve bank and the number of shares subscribed by each, and the fact that the certificate is made to enable those banks executing same, and all banks which have subscribed or may thereafter subscribe to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this Act.

Deposit of certificate. The said organization certificate shall be acknowledged before a judge of some court of record or notary public; and shall be, together with the acknowledgment thereof, authenticated by the seal of such court, or notary, transmitted to the Comptroller of the Currency, who shall file, record and carefully preserve the same in his office.

Corporate powers. Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power—

General. First. To adopt and use a corporate seal.

Second. To have succession for a period of twenty years from its organization unless it is sooner dissolved by an Act of Congress, or unless its franchise becomes forfeited by some violation of law.

Third. To make contracts.

Fourth. To sue and be sued, complain and defend, in any court of law or equity.

Fifth. To appoint by its board of directors, such officers and employees as are not otherwise provided for in this Act, to define their duties, require bonds of them and fix the penalty thereof, and to dismiss at pleasure such officers or employees.

Sixth. To prescribe by its board of directors, by-laws not inconsistent with law, regulating the manner in which its general business may be conducted, and the privileges granted to it by law may be exercised and enjoyed.

Seventh. To exercise by its board of directors, or duly authorized officers or agents, all powers specifically granted by the provisions of this Act and such incidental powers as shall be necessary to carry on the business of banking within the limitations prescribed by this Act.

Issue of circulating notes. Eighth. Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to

receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law as relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege, except that the issue of such notes shall not be limited to the capital stock of such Federal reserve bank.

Restriction of business. But no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence business under the provisions of this Act.

Board of directors. Every Federal reserve bank shall be conducted under the supervision and control of a board of directors.

General duties. The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

Administration. Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

Number and term of directors. Such board of directors shall be selected as hereinafter specified and shall consist of nine members, holding office for three years, and divided into three
Classification. classes, designated as classes A, B, and C.

Class A. Class A shall consist of three members, who shall be chosen by and be
Post, p. 733. representative of the stock-holding banks.

Class B. Class B shall consist of three members, who at the time of their election shall be actively engaged in their district in commerce, agriculture or some other industrial pursuit.

Class C. Class C shall consist of three members who shall be designated by the Federal Reserve Board. When the necessary subscriptions to the capital stock have been
Chairman of board. obtained for the organization of any Federal reserve bank, the Federal Reserve Board shall appoint the class C directors and shall designate one of such directors as chairman of the board to be selected. Pending the designation of such chairman, the organization committee shall exercise the powers and duties appertaining to the office of chairman in the organization of such Federal reserve bank.

Service of Senators or Representatives forbidden. No Senator or Representative in Congress shall be a member of the Federal Reserve Board or an officer or a director of a Federal reserve bank.

other disqualifications. No director of class B shall be an officer, director, or employee of any bank.
No director of class C shall be an officer, director, employee, or stockholder of any bank.

Directors of class A & class B. Directors of class A and class B shall be chosen in the following manner:

Procedure for choosing. The chairman of the board of directors of the Federal reserve bank of the district in which the bank is situated or, pending the appointment of such chairman, the organization committee shall classify the member banks of the district into three general groups or divisions. Each group shall contain as nearly as may be one-third of the aggregate number of the member banks of the district and shall consist, as nearly as may be, of banks of similar capitalization. The groups shall be designated by number by the chairman.

Electors for member banks. At a regularly called meeting of the board of directors of each member bank in the district it shall elect by ballot a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The chairman shall make lists of the district reserve electors thus named by banks in each of the aforesaid three groups and shall transmit one list to each elector in each group.

Nomination of candidates. Each member bank shall be permitted to nominate to the chairman one candidate for director of class A and one candidate for director of class B. The candidates so nominated shall be listed by the chairman, indicating by whom nominated, and a copy of said list shall, within fifteen days after its completion, be furnished by the chairman to each elector.

Balloting for directors. Every elector shall, within fifteen days after the receipt of the said list, certify to the chairman his first, second, and other choices of a director of class A and class B, respectively, upon a preferential ballot, on a form furnished by the chairman of the board of directors of the Federal reserve bank of the district. Each elector shall make a cross opposite the name of the first, second, and other choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate.

Declaration of result. Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate have a majority of all the votes in the first column, then there shall be added together the votes cast by the electors for such candidates in the second column and the votes cast for the several candidates in the first column. If any candidate then have a majority of the electors voting, by adding together the first and second choices, he shall be declared elected. If no candidate have a majority of electors voting when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate then having the highest number of votes shall be declared elected. An immediate report of election shall be declared.

class c directors. Appointment. Class C directors shall be appointed by the Federal Reserve Board. They shall have been for at least two years residents of the district for which they are appointed, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank and as "Federal reserve agent." He shall be a person of tested banking experience; and in addition to his duties as chairman of the board of directors of the Federal reserve bank he shall be required to maintain under regulations to be established by the Federal Reserve Board a local office of said board on the premises of the Federal reserve bank. He shall make regular reports to the Federal Reserve Board, and shall act as its official representative for the performance of the functions conferred upon it by this Act. He shall receive an annual compensation to be fixed by the Federal Reserve Board and paid monthly by the Federal reserve bank to which he is designated. One of the directors of class C, who shall be a person of tested banking experience, shall be appointed by the Federal Reserve Board as deputy chairman and deputy Federal reserve agent to exercise the powers of the chairman of the board and Federal reserve agent in case of absence or disability of his principal.

chairman of board and Federal reserve agent. Duties, etc. Pay, Deputy.

compensation of directors. Directors of Federal reserve banks shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their respective boards, which amount shall be paid by the respective Federal reserve banks. Any compensation that may be provided by boards of directors of Federal reserve banks for directors, officers or employees shall be subject to the approval of the Federal Reserve Board.

preliminary meetings The Reserve Bank Organization Committee may, in organizing Federal reserve banks, call such meetings of bank directors in the several districts as may be

necessary to carry out the purposes of this Act, and may exercise the functions herein conferred upon the chairman of the board of directors of each Federal reserve bank pending the complete organization of such bank.

Designation of first terms of members.

At the first meeting of the full board of directors of each Federal reserve bank, it shall be the duty of the directors of classes A, B and C, respectively, to designate one of the members of each class whose term of office shall expire in one year from the first of January nearest to date of such meeting, one whose term of office shall expire at the end of two years from said date, and one whose term of office shall expire at the end of three years from said date. Thereafter every director of a Federal reserve bank chosen as hereinbefore provided shall hold office for a term of three years. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointees to hold office for the unexpired terms of their predecessors.

Subsequent tenure.

Vacancies.

STOCK ISSUES; INCREASE AND DECREASE OF CAPITAL.

Capital stock.

Provision for increase or decrease.

SEC. 5. The capital stock of each Federal reserve bank shall be divided into shares of $100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members and may be decreased as member banks reduce their capital stock or surplus or cease to be members. Shares of the capital stock of Federal reserve banks owned by member banks shall not be transferred or hypothecated. When a member bank increases its capital stock or surplus, it shall thereupon subscribe for an additional amount of capital stock of the Federal reserve bank of its district equal to six per centum of the said increase, one-half of said subscription to be paid in the manner hereinbefore provided for original subscription, and one-half subject to call of the Federal Reserve Board. A bank applying for stock in a Federal reserve bank at any time after the organization thereof must subscribe for an amount of the capital stock of the Federal reserve bank equal to six per centum of the paid-up capital stock and surplus of said applicant bank, paying therefor its par value plus one-half of one per centum a month from the period of the last dividend. When the capital stock of any Federal reserve bank shall have been increased either on account of the increase of capital stock of member banks or on account of the increase in the number of member banks, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing the increase in capital stock, the amount paid in, and by whom paid. When a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal reserve bank, and when a member bank voluntarily liquidates it shall surrender all of its holdings of the capital stock of said Federal reserve bank and be released from its stock subscription not previously called. In either case the shares surrendered shall be canceled and the member bank shall receive in payment therefor, under regulations to be prescribed by the Federal Reserve Board, a sum equal to its cash-paid subscriptions on the shares surrendered and one-half of one per centum a month from the period of the last dividend, not to exceed the book value thereof, less any liability of such member bank to the Federal reserve bank.

Stock of member banks not transferable.

Additional subscription from member banks increasing their capital.

Subscription from new members.

Certificate of increases.

Surrender from members reducing capital, etc.

Cancellation and payment of surrendered shares.

Insolvent members.

Cancellation of stock, etc.

SEC. 6. If any member bank shall be declared insolvent and a receiver appointed therefor, the stock held by it in said Federal reserve bank shall be canceled, without impairment of its liability, and all cash-paid subscriptions on said stock, with one-half of one per centum per month from the period of last dividend, not to exceed the book value thereof, shall be first applied to all debts of the insolvent member bank to the Federal reserve bank, and the balance, if any, shall be paid to the receiver of the insolvent bank. Whenever the capital stock of a Federal reserve

Certificate of reductions.

bank is reduced, either on account of a reduction in capital stock of any member bank or of the liquidation or insolvency of such bank, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.

Division of earnings.

DIVISION OF EARNINGS.

Annual dividends.

SEC. 7. After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of six per centum on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, all the net earnings shall be paid to the United States as a franchise tax, except that one-half of such net earnings shall be paid into a surplus fund until it shall amount to forty per centum of the paid-in capital stock of such bank.

Franchise tax.

Surplus fund.

Disposition of earning; derived by United States.

The net earnings derived by the United States from Federal reserve banks shall, in the discretion of the Secretary, be used to supplement the gold reserve held against outstanding United States notes, or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

Banks dissolving, etc.

Tax exemption.

Federal reserve banks, including the capital stock and surplus therein, and the income derived therefrom shall be exempt from Federal, State, and local taxation, except taxes upon real estate.

National banks.

SEC. 8. Section fifty-one hundred and fifty-four, United States Revised Statutes, is hereby amended to read as follows:

Conversion of State, etc., banks into.

R.S., sec. 5154, p. 996, amended.

Any bank incorporated by special law of any State or of the United States or organized under the general laws of any State or of the United States and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of the existing laws may, by the vote of the shareholders owning not less than fifty-one per centum of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency be converted into a national banking association, with any name approved by the Comptroller of the Currency:

Proviso.

Not to contravene State law.

Declaration by directors.

Capital stock.

Certificate, etc.

Provided, however, That said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the bank or banking institution, and the certificate shall declare that the owners of fifty-one per centum of the capital stock have authorized the directors to make such certificate and to change or convert the bank or banking institution into a national association. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as a national association. The shares of any such bank may continue to be for the same amount each as they were before the conversion, and the directors may continue to be directors of the association until others are elected or appointed in accordance with the provisions of the statutes of the United States. When the Comptroller has given to such bank or banking association a certificate that the provisions of this Act have been complied with, such bank or banking association, and all its stockholders, officers, and employees, shall have the same powers and privileges, and shall be subject to

the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by the Federal Reserve Act and by the national banking Act for associations originally organized as national banking associations.

State banks, etc.

STATE BANKS AS MEMBERS.

Application to become member banks.

SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, may make application to the reserve bank organization committee, pending organization, and thereafter to the Federal Reserve Board for the right to subscribe to the stock of the Federal reserve bank organized or to be organized within the Federal reserve district where the applicant is located. The organization committee or the Federal Reserve Board, under such rules and regulations as it may prescribe, subject to the provisions of this section, may permit the applying bank to become a stockholder in the Federal reserve bank of the district in which the applying bank is located. Whenever the organization committee or the Federal Reserve Board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district, stock shall be issued and paid for under the rules and regulations in this Act provided for national banks which become stockholders in Federal reserve banks.

Issue of stock.

Organization.

By-laws.

Capital required.

The organization committee or the Federal Reserve Board shall establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies for stock ownership in Federal reserve banks. Such by-laws shall require applying banks not organized under Federal law to comply with the reserve and capital requirements and to submit to the examination and regulations prescribed by the organization committee or by the Federal Reserve Board. No applying bank shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking Act.

Additional restrictions.

Any bank becoming a member of a Federal reserve bank under the provisions of this section shall, in addition to the regulations and restrictions hereinbefore provided, be required to conform to the provisions of law imposed on the national banks respecting the limitation of liability which may be incurred by any person, firm, or corporation to such banks, the prohibition against making purchase of or loans on stock of such banks, and the withdrawal or impairment of capital, or the payment of unearned dividends, and to such rules and regulations as the Federal Reserve Board may, in pursuance thereof, prescribe.

Subject to specified regulations.

R.S., sec. 5198, 5201, 5208, 5209, pp. 1005-1007

R.S., secs. 5211-5213, pp. 1007, 1008.

Such banks, and the officers, agents, and employees thereof, shall also be subject to the provisions of and to the penalties prescribed by sections fifty-one hundred and ninety-eight, fifty-two hundred, fifty-two hundred and one, and fifty-two hundred and eight, and fifty-two hundred and nine of the Revised Statutes. The member banks shall also be required to make reports of the conditions and of the payments of dividends to the comptroller, as provided in sections fifty-two hundred and eleven and fifty-two hundred and twelve of the Revised Statutes, and shall be subject to the penalties prescribed by section fifty-two hundred and thirteen for the failure to make such report.

Member banks not complying with regulations, etc., to be suspended.

Cancellation of stock, etc.

If at any time it shall appear to the Federal Reserve Board that a member bank has failed to comply with the provisions of this section or the regulations of the Federal Reserve Board, it shall be within the power of the said board, after hearing, to require such bank to surrender its stock in the Federal reserve bank; upon such surrender the Federal reserve bank shall pay the cash-paid subscriptions to the said stock with interest at the rate of one-half of one per centum per month, computed from the last dividend, if earned, not to exceed the book value thereof, less any

liability to said Federal reserve bank, except the subscription liability not previously called, which shall be canceled, and said Federal reserve bank shall, upon notice from the Federal Reserve Board, be required to suspend said bank from further privileges of membership, and shall within thirty days of such notice cancel and retire its stock and make payment therefor in the manner herein provided. The Federal Reserve Board may restore membership upon due proof of compliance with the conditions imposed by this section.

Restoration.

Federal Reserve Board.

FEDERAL RESERVE BOARD.

Created; membership.

SEC. 10. A Federal Reserve Board is hereby created which shall consist of seven members, including the Secretary of the Treasury and the Comptroller of the Currency, who shall be members ex officio, and five members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the five appointive members of the Federal Reserve Board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the different commercial, industrial and geographical divisions of the country. The five members of the Federal Reserve Board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal Reserve Board and shall each receive an annual salary of $12,000, payable monthly together with actual necessary traveling expenses, and the Comptroller of the Currency, as ex officio member of the Federal Reserve Board, shall, in addition to the salary now paid him as Comptroller of the Currency, receive the sum of $7,000 annually for his services as a member of said board.

Appointive members.

Duties, salaries, etc.

Additional pay to Comptroller of the Currency.

Connections with member banks forbidden.

The members of said board, the Secretary of the Treasury, the Assistant Secretaries of the Treasury, and the Comptroller of the Currency shall be ineligible during the time they are in office and for two years thereafter to hold any office, position, or employment in any member bank. Of the five members thus appointed by the President at least two shall be persons experienced in banking or finance. One shall be designated by the President to serve for two, one for four, one for six, one for eight, and one for ten years, and thereafter each member so appointed shall serve for a term of ten years unless sooner removed for cause by the President. Of the five persons thus appointed, one shall be designated by the President as governor and one as vice governor of the Federal Reserve Board. The governor of the Federal Reserve Board, subject to its supervision, shall be the active executive officer. The Secretary of the Treasury may assign offices in the Department of the Treasury for the use of the Federal Reserve Board. Each member of the Federal Reserve Board shall within fifteen days after notice of appointment make and subscribe to the oath of office.

Tenure of appointive members.

Governor and vice governor.

Offices, etc.

Assessment for expenses.

The Federal Reserve Board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and the salaries of its members and employees for the half year succeeding the levying of such assessment, together with any deficit carried forward from the preceding half year.

Meetings, etc.

The first meeting of the Federal Reserve Board shall be held in Washington, District of Columbia, as soon as may be after the passage of this Act, at a date to be fixed by the Reserve Bank Organization Committee. The Secretary of the Treasury shall be ex officio chairman of the Federal Reserve Board. No member of the Federal Reserve Board shall be an officer or director of any bank, banking institution, trust company, or Federal reserve bank nor hold stock in any bank, banking institution, or trust company; and before entering upon his duties as a member of the Federal Reserve Board he shall certify under oath to the Secretary of

Disqualifications.

Vacancies.

the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the five members of the Federal Reserve Board appointed by the President, as above provided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of the member whose place he is selected to fill.

Commissions during recess of the Senate.

The President shall have power to fill all vacancies that may happen on the Federal Reserve Board during the recess of the Senate, by granting commissions which shall expire thirty days after the next session of the Senate convenes.

Powers of Secretary of the Treasury unimpaired.

Nothing in this Act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this Act in the Federal Reserve Board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

Annual report.

The Federal Reserve Board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

Office of Comptroller of the Currency.

Duties.

R.S., sec. 324, p.54, amended.

Section three hundred and twenty-four of the Revised Statutes of the United States shall be amended so as to read as follows: There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds and, under the general supervision of the Federal Reserve Board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency and shall perform his duties under the general directions of the Secretary of the Treasury.

Authority and powers of Board.

SEC. 11. The Federal Reserve Board shall be authorized and empowered:

Examination, etc., of reserve ind member banks.

(a) To examine at its discretion the accounts, books and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the conditions of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of the Federal reserve banks, single and combined, and shall furnish full information regarding the character of the money held as reserve and the amount, nature and maturities of the paper and other investments owned or held by Federal reserve banks.

Published statements.

Rediscounted paper.

(b) To permit, or, on the affirmative vote of at least five members of the Reserve Board to require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed by the Federal Reserve Board.

Suspension of reserve equirements.

Provisos.

Tax imposed.

Graduated rates.

(c) To suspend for a period not exceeding thirty days, and from time to time to renew such suspension for periods not exceeding fifteen days, any reserve requirement specified in this Act: Provided, That it shall establish a graduated tax uponthe amounts by which the reserve requirements of this Act may be permitted to fall below the level hereinafter specified: And provided further, That when the gold reserve held against Federal reserve notes falls below forty per centum, the Federal Reserve Board shall establish a graduated tax of not more than one per centum per annum upon such deficiency until the reserves fall to thirty-two and one-half per centum, and when said reserve falls below thirty-two and one-half per centum, a tax at the rate increasingly of not less than one and one-half per centum

Increase of interest rates.

per annum upon each two and one-half per centum or fraction thereof that such reserve falls below thirty-two and one-half per centum. The tax shall be paid by the reserve bank, but the reserve bank shall add an amount equal to said tax to the rates of interest and discount fixed by the Federal Reserve Board.

Control of Federal reserve notes.

(d) To supervise and regulate through the bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the Comptroller to the Federal reserve agents applying therefor.

Reserve cities.

(e) To add to the number of cities classified as reserve and central reserve cities under existing law in which national banking associations are subject to the reserve requirements set forth in section twenty of this Act; or to reclassify existing reserve and central reserve cities or to terminate their designation as such.

Post, p. 271.

Reserve bank officials.

(f) To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal Reserve Board to the removed officer or director and to said bank.

Doubtful assets.

(g) To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve banks.

Suspension of reserve banks.

(h) To suspend, for the violation of any of the provisions of this Act, the operations of any Federal reserve bank, to take possession thereof, administer the same during the period of suspension, and, when deemed advisable, to liquidate or reorganize such bank.

General authority over reserve agents, etc.

(i) To require bonds of Federal reserve agents, to make regulations for the safeguarding of all collateral, bonds, Federal reserve notes, money or property of any kind deposited in the hands of such agents, and said board shall perform the duties, functions, or services specified in this Act, and make all rules and regulations necessary to enable said board effectively to perform the same.

Supervision of reserve banks.

(j) To exercise general supervision over said Federal reserve banks.

Fiduciary permits.

(k) To grant by special permit to national banks applying therefor, when not in contravention of State or local law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe.

Employees.

(l) To employ such attorneys, experts, assistants, clerks, or other employees as may be deemed necessary to conduct the business of the board. All salaries and fees shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the members of said board. All such attorneys, experts, assistants, clerks, and other employees shall be appointed without regard to the provisions of the Act of January sixteenth, eighteen hundred and eighty-three (volume twenty-two, United States Statutes at Large, page four hundred and three), and amendments thereto, or any rule or regulation made in pursuance thereof: Provided, That nothing herein shall prevent the President from placing said employees in the classified service.

Appointments without regard to civil service laws, etc.

Vol. 22, p. 403.

Proviso.

Authority of the President.

FEDERAL ADVISORY COUNCIL.

Federal Advisory Council.

Created.

SEC. 12. There is hereby created a Federal Advisory Council, which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select from its own Federal reserve district one member of said council, who shall receive such compensation and allowances as may be fixed by his board of directors subject to the approval of the Federal Reserve Board. The meetings of said advisory council shall be held at

Selection of members, pay, etc.

Meetings, officers, etc.

Washington, District of Columbia, at least four times each year, and oftener if called by the Federal Reserve Board. The council may in addition to the meetings above provided for hold such other meetings in Washington, District of Columbia, or elsewhere, as it may deem necessary, may select its own officers and adopt its own methods of procedure, and a majority of its members shall constitute a quorum for the transaction of business. Vacancies in the council shall be filled by the respective reserve banks, and members selected to fill vacancies, shall serve for the unexpired term.

Authority and duties.

The Federal Advisory Council shall have power, by itself or through its officers, (1) to confer directly with the Federal Reserve Board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said board; (3) to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the reserve banking system.

Federal reserve banks.

POWERS OF FEDERAL RESERVE BANKS.

Deposits allowed.

SEC. 13. Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts upon solvent member banks, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.

Discounting commercial paper.

Description.

Agricultural, etc., paper.

Stock trading paper excluded.

Time limit.

Proviso.

Additional for agricultural notes, etc.

Upon the indorsement of any of its member banks, with a waiver of demand, notice and protest by such bank, any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal Reserve Board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this Act. Nothing in this Act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than ninety days: Provided, That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding six months may be discounted in an amount to be limited to a percentage of the capital of the Federal reserve bank, to be ascertained and fixed by the Federal Reserve Board.

Rediscounting foreign trade acceptances.

Post. p. 958.

Any Federal reserve bank may discount acceptances which are based on the importation or exportation of goods and which have a maturity at time of discount of not more than three months, and indorsed by at least one member bank. The amount of acceptances so discounted shall at no time exceed one-half the paid-up capital stock and surplus of the bank for which the rediscounts are made.

Restriction on rediscounts.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at

no time exceed ten per centum of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Dealing in foreign trade paper by member banks allowed.

Any member bank may accept drafts or bills of exchange drawn upon it and growing out of transactions involving the importation or exportation of goods having not more than six months sight to run; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half its paid-up capital stock and surplus.

National banks.

Debts limited.

R.S., sec. 5202, p.1006, amended.

Section fifty-two hundred and two of the Revised Statutes of the United States is hereby amended so as to read as follows: No national banking association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

Exceptions.

Circulating notes.

First. Notes of circulation.

Deposits.

Second. Moneys deposited with or collected by the association.

Drafts, etc.

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

Dividends, etc.

Fourth. Liabilities to the stockholders of the association for dividends and reserve profits.

Federal reserve provisions added.

Fifth. Liabilities incurred under the provisions of the Federal Reserve Act.

Regulation of rediscounts, etc.

The rediscount by any Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange, and of acceptances authorized by this Act, shall be subject to such restrictions, limitations, and regulations as may be imposed by the Federal Reserve Board.

OPEN-MARKET OPERATIONS.

Open-market operations.

Federal reserve banks may deal in commercial paper, etc.

SEC. 14. Any Federal reserve bank may, under rules and regulations prescribed by the Federal Reserve Board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this Act made eligible for rediscount, with or without the indorsement of a member bank.

Additional powers.

Every Federal reserve bank shall have power:

Gold transactions.

(a) To deal in gold coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold;

Bonds, notes, etc.

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, including irrigation, drainage and reclamation districts, such purchases to be made in accordance with rules and regulations prescribed by the Federal Reserve Board;

Commercial exchange.

(c) To purchase from member banks and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions, as hereinbefore defined;

Discount rates.

(d) To establish from time to time, subject to review and determination of the Federal Reserve Board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view of accommodating commerce and business:

Foreign accounts and agencies.

(e) To establish accounts with other Federal reserve banks for exchange purposes and, with the consent of the Federal Reserve Board, to open and maintain banking accounts in foreign countries, appoint correspondents, and establish agencies in such countries wheresoever it may deem best for the purpose of purchasing, selling, and collecting bills of exchange, and to buy and sell with or without its indorsement, through such correspondents or agencies, bills of exchange arising out of actual commercial transactions which have not more than ninety days to run and which bear the signature of two or more responsible parties.

Government deposits.

GOVERNMENT DEPOSITS.

Use of reserve bank as fiscal agents, etc.

SEC. 15. The moneys held in the general fund of the Treasury, except the five per centum fund for the redemption of outstanding national-bank notes and the funds provided in this Act for the redemption of Federal reserve notes may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be deposited in such banks, and disbursements may be made by checks drawn against such deposits.

———

Deposit of public funds restricted.

Proviso.

Use of member banks as depositories.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system established by this Act: Provided, however, That nothing in this Act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

Federal reserve notes.

NOTE ISSUES.

Issue authorized.

SEC. 16. Federal reserve notes, to be issued at the discretion of the Federal Reserve Board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in gold on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or in gold or lawful money at any Federal reserve bank.

Receivability.

Redemption.

Applications for, by reserve banks.

Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills, accepted for rediscount under the provisions of section thirteen of this Act, and the Federal reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal reserve bank for additional security to protect the Federal reserve notes issued to it.

Collateral required.

Ame, p. 263.

Additional security.

Reserves required for deposits and circulation.

Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than thirty-five per centum against its deposits and reserves in gold of not less

than forty per centum against its Federal reserve notes in actual circulation, and not offset by gold or lawful money deposited with the Federal reserve agent. Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal Reserve Board to each Federal reserve bank. Whenever Federal reserve notes issued through one Federal reserve bank shall be received by another Federal reserve bank they shall be promptly returned for credit or redemption to the Federal reserve bank through which they were originally issued. No Federal reserve bank shall pay out notes issued through another under penalty of a tax of ten per centum upon the face value of notes so paid out. Notes presented for redemption at the Treasury of the United States shall be paid out of the redemption fund and returned to the Federal reserve banks through which they were originally issued, and thereupon such Federal reserve bank shall, upon demand of the Secretary of the Treasury, reimburse such redemption fund in lawful money or, if such Federal reserve notes have been redeemed by the Treasurer in gold or gold certificates, then such funds shall be reimbursed to the extent deemed necessary by the Secretary of the Treasury in gold or gold certificates, and such Federal reserve bank shall, so long as any of its Federal reserve notes remain outstanding, maintain with the Treasurer in gold an amount sufficient in the judgment of the Secretary to provide for all redemptions to be made by the Treasurer. Federal reserve notes received by the Treasury, otherwise than for redemption, may be exchanged for gold out of the redemption fund hereinafter provided and returned to the reserve bank through which they were originally issued, or they may be returned to such bank for the credit of the United States. Federal reserve notes unfit for circulation shall be returned by the Federal reserve agents to the Comptroller of the Currency for cancellation and destruction.

Designation of notes.

Reserve banks to return notes to issuing banks.

Penalty for using otherwise.

Redemption at the Treasury.

Reimbursement by reserve bank.

Gold reserve to be kept.

Destruction of unfit notes.

Gold-redemption fund to be kept in Treasury.

The Federal Reserve Board shall require each Federal reserve bank to maintain on deposit in the Treasury of the United States a sum in gold sufficient in the judgment of the Secretary of the Treasury for the redemption of the Federal reserve notes issued to such bank, but in no event less than five per centum; but such deposit of gold shall be counted and included as part of the forty per centum reserve hereinbefore required. The board shall have the right, acting through the Federal reserve agent, to grant in whole or in part or to reject entirely the application of any Federal reserve bank for Federal reserve notes; but to the extent that such application may be granted the Federal Reserve Board shall, through its local Federal reserve agent, supply Federal reserve notes to the bank so applying, and such bank shall be charged with the amount of such notes and shall pay such rate of interest on said amount as may be established by the Federal Reserve Board, and the amount of such Federal reserve notes so issued to any such bank shall, upon delivery, together with such notes of such Federal reserve bank as may be issued under section eighteen of this Act upon security of and should the appropriations heretofore made be insufficient to meet the requirements of this Act, in addition to circulating notes provided for by existing law, the Secretary is hereby authorized to use so much of any funds in the Treasury not otherwise appropriated for the purpose of furnishing the notes aforesaid: Provided, however, That nothing in this section contained shall be construed as exempting national banks or Federal reserve banks from their liability to reimburse the United States for any expenses incurred in printing and issuing circulating notes.

Reserve Board to control note issue.

Interest to be paid.

Lien created.

Post, p. 268.

Additional appropriation.

Proviso.

Reimbursement.

Reserve banks.

Deposits, collections, etc., authorized.

Every Federal reserve bank shall receive on deposit at par from member banks or from Federal reserve banks checks and drafts drawn upon any of its depositors, and when remitted by a Federal reserve bank, checks, and drafts drawn by any depositor in any other Federal reserve bank or member bank upon funds to the credit of said depositor in said reserve bank or member bank. Nothing herein contained shall be construed as prohibiting a member bank from charging its actual

Charges for collections by member banks.

expense incurred in collecting and remitting funds, or for exchange sold to its patrons. The Federal Reserve Board shall, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal reserve bank and the charge which may be imposed for the service of clearing or collection rendered by the Federal reserve bank.

Clearing house provisions.

The Federal Reserve Board shall make and promulgate from time to time regulations governing the transfer of funds and charges therefor among Federal reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise the functions of a clearing house for its member banks.

National banks.

Deposit of registered bonds by, repealed.

R.S.sec.5159,p.997, amended.

Vol. 18, p.124; Vol.22, p.164.

SEC. 17. So much of the provisions of section fifty-one hundred and fifty-nine of the Revised Statutes of the United States, and section four of the Act of June twentieth, eighteen hundred and seventy-four, and section eight of the Act of July twelfth, eighteen hundred and eighty-two, and of any other provisions of existing statutes as require that before any national banking associations shall be authorized to commence banking business it shall transfer and deliver to the Treasurer of the United States a stated amount of United States registered bonds is hereby repealed.

Refunding bonds.

REFUNDING BONDS.

Member banks may sell bonds to retire notes.

SEC. 18. After two years from the passage of this Act, and at any time during a period of twenty years thereafter, any member bank desiring to retire the whole or any part of its circulating notes, may file with the Treasurer of the United States an application to sell for its account, at par and accrued interest, United States bonds securing circulation to be retired.

Purchase by reserve banks.

The Treasurer shall, at the end of each quarterly period, furnish the Federal Reserve Board with a list of such applications, and the Federal Reserve Board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least ten days before the end of any quarterly period at which the Federal Reserve Board may direct the purchase to be made: Provided, That Federal reserve banks shall not be permitted to purchase an amount to exceed $25,000,000 of such bonds in any one year, and which amount shall include bonds acquired under section four of this Act by the Federal reserve bank.

Provisos.

Annual limit.

Ante, p. 254.

Allotment.

Provided further, That the Federal Reserve Board shall allot to each Federal reserve bank such proportion of such bonds as the capital and surplus of such bank shall bear to the aggregate capital and surplus of all the Federal reserve banks.

Assignment, etc.

Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall, thereupon, deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

Cancellation of outstanding notes, etc.

Issue of Federal reserve notes.

The Federal reserve banks purchasing such bonds shall be permitted to take out an amount of circulating notes equal to the par value of such bonds.

Delivery of notes on deposit of bonds.

Ante, p. 254.

Upon the deposit with the Treasurer of the United States of bonds so purchased, or any bonds with the circulating privilege acquired under section four of this Act, any Federal reserve bank making such deposit in the manner provided by existing

law, shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of the Federal reserve bank procuring the same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national-bank notes now provided by law. They shall be issued and redeemed under the same terms and conditions as national-bank notes except that they shall not be limited to the amount of the capital stock of the Federal reserve bank issuing them.

Form and character of notes.

Exchange of two per cent bonds, for gold notes and bonds.

Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary of the Treasury may issue, in exchange for United States two per centum gold bonds bearing the circulation privilege, but against which no circulation is outstanding, one-year gold notes of the United States without the circulation privilege, to an amount not to exceed one-half of the two per centum bonds so tendered for exchange, and thirty-year three per centum gold bonds without the circulation privilege for the remainder of the two per centum bonds so tendered: Provided, That at the time of such exchange the Federal reserve bank obtaining such one-year gold notes shall enter into an obligation with the Secretary of the Treasury binding itself to purchase from the United States for gold at the maturity of such one-year notes, an amount equal to those delivered in exchange for such bonds, if so requested by the Secretary, and at each maturity of one-year notes so purchased by such Federal reserve bank, to purchase from the United States such an amount of one-year notes as the Secretary may tender to such bank, not to exceed the amount issued to such bank in the first instance, in exchange for the two per centum United States gold bonds; said obligation to purchase at maturity such notes shall continue in force for a period not to exceed thirty years.

Proviso.

Gold purchases, etc.

Authority for interest bearing Treasury notes.

For the purpose of making the exchange herein provided for, the Secretary of the Treasury is authorized to issue at par Treasury notes in coupon or registered form as he may prescribe in denominations of one hundred dollars, or any multiple thereof, bearing interest at the rate of three per centum per annum, payable quarterly, such Treasury notes to be payable not more than one year from the date of their issue in gold coin of the present standard value, and to be exempt as to principal and interest from the payment of all taxes and duties of the United States except as provided by this Act, as well as from taxes in any form by or under State, municipal, or local authorities. And for the same purpose, the Secretary is authorized and empowered to issue United States gold bonds at par, bearing three per centum interest payable thirty years from date of issue, such bonds to be of the same general tenor and effect and to be issued under the same general terms and conditions as the United States three per centum bonds without the circulation privilege now issued and outstanding.

Issue of three per cent bonds.

Exchanges of gold notes for bonds.

Upon application of any Federal reserve bank, approved by the Federal Reserve Board, the Secretary may issue at par such three per centum bonds in exchange for the one-year gold notes herein provided for.

BANK RESERVES.

Bank reserves.

Demand and time deposits construed.

SEC. 19. Demand deposits within the meaning of this Act shall comprise all deposits payable within thirty days, and time deposits shall comprise all deposits payable after thirty days, and all savings accounts and certificates of deposit which are subject to not less than thirty days' notice before payment.

Reserves required for deposits.

When the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the establishment of a Federal reserve bank in any district, every subscribing member bank shall establish and maintain reserves as follows:

Banks not in reserve or central reserve cities.

(a) A bank not in a reserve or central reserve city as now or hereafter defined shall hold and maintain reserves equal to twelve per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:

In its vaults for a period of thirty-six months after said date five twelfths thereof and permanently thereafter four-twelfths.

In the Federal reserve bank of its district, for a period of twelve months after said date, two-twelfths, and for each succeeding six months an additional one-twelfth, until five-twelfths have been so deposited, which shall be the amount permanently required.

For a period of thirty-six months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

After said thirty-six months' period said reserves, other than those hereinbefore required to be held in the vaults of the member bank and in the Federal reserve bank, shall be held in the vaults of the member bank or in the Federal reserve bank, or in both, at the option of the member bank.

In reserve cities.

(b) A bank in a reserve city, as now or hereafter defined, shall hold and maintain reserves equal to fifteen per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:

In its vaults for a period of thirty-six months after said date six-fifteenths thereof, and permanently thereafter five-fifteenths.

In the Federal reserve bank of its district for a period of twelve months after the date aforesaid at least three-fifteenths, and for each succeeding six months an additional one-fifteenth, until six-fifteenths have been so deposited, which shall be the amount permanently required.

For a period of thirty-six months after said date the balance of the reserves may be held in its own vaults, or in the Federal reserve bank, or in national banks in reserve or central reserve cities as now defined by law.

Post, p. 691.

After said thirty-six months' period all of said reserves, except those hereinbefore required to be held permanently in the vaults of the member bank and in the Federal reserve bank, shall be held in its vaults or in the Federal reserve bank, or in both, at the option of the member bank.

In centra] reserve cities.

(c) A bank in a central reserve city, as now or hereafter defined, shall hold and maintain a reserve equal to eighteen per centum of the aggregate amount of its demand deposits and five per centum of its time deposits, as follows:

In its vaults six-eighteenths thereof.

In the Federal reserve bank seven-eighteenths.

The balance of said reserves shall be held in its own vaults or in the Federal reserve bank, at its option.

Acceptance of eligible paper as part of reserve.

Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section fourteen properly indorsed and acceptable to the said reserve bank.

Post. p. 691.

Reserves by State banks or trust companies.

If a State bank or trust company is required by the law of its State to keep its reserves either in its own vaults or with another State bank or trust company, such reserve deposits so kept in such State bank or trust company shall be construed, within the meaning of this section, as if they were reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the

Post, p. 691.

Secretary of the Treasury shall have officially announced the establishment of a Federal reserve bank in the district in which such State bank or trust company is situate. Except as thus provided, no member bank shall keep on deposit with any nonmember bank a sum in excess of ten per centum of its own paid-up capital and surplus. No member bank shall act as the medium or agent of a nonmember bank in applying for or receiving discounts from a Federal reserve bank under the provisions of this Act except by permission of the Federal Reserve Board.

Restriction on deposits, etc, by member banks.

Use of reserves.

The reserve carried by a member bank with a Federal reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Federal Reserve Board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: Provided, however, That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve required by law is fully restored.

Proviso.

Restriction.

Basis of reserves.

Posi. p. 692.

In estimating the reserves required by this Act, the net balance of amounts due to and from other banks shall be taken as the basis for ascertaining the deposits against which reserves shall be determined. Balances in reserve banks due to member banks shall, to the extent herein provided, be counted as reserves.

Alaskan and insular banks

Banks in Philippine Islands.

National banks located in Alaska or outside the continental United States may remain nonmember banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks, except in the Philippine Islands, may, with the consent of the Reserve Board, become member banks of any one of the reserve districts, and shall, in that event, take stock, maintain reserves, and be subject to all the other provisions of this Act.

National bank redemption funds not to be part of reserve.

Vol. 18. p. 123.

SEC. 20. So much of sections two and three of the Act of June twentieth, eighteen hundred and seventy-four, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the national-bank currency, and for other purposes," as provides that the fund deposited by any national banking association with the Treasurer of the United States for the redemption of its notes shall be counted as a part of its lawful reserve as provided in the Act aforesaid, is hereby repealed. And from and after the passage of this Act such fund of five per centum shall in no case be counted by any national banking association as a part of its lawful reserve.

BANK EXAMINATIONS.

Bank examinations.

Examiners.

R.S., sec.5240, p.1013, amended.

SEC. 21. Section fifty-two hundred and forty, United States Revised Statutes, is amended to read as follows:

Appointment, etc.

The Comptroller of the Currency, with the approval of the Secretary of the Treasury, shall appoint examiners who shall examine every member bank at least twice in each calendar year and oftener if considered necessary: Provided, however, That the Federal Reserve Board may authorize examination by the State authorities to be accepted in the case of State banks and trust companies and may at any time direct the holding of a special examination of State banks or trust companies that are stockholders in any Federal reserve bank. The examiner making the examination of any national bank, or of any other member bank, shall have power to make a thorough examination of all the affairs of the bank and in doing so he shall have power to administer oaths and to examine any of the officers and agents thereof under oath and shall make a full and detailed report of the condition of said bank to the Comptroller of the Currency.

Proviso.

Acceptance of State examinations.

Authority, etc., of examiners.

The Federal Reserve Board, upon the recommendation of the Comptroller of the Currency, shall fix the salaries of all bank examiners and make report thereof to

Salaries and expenses.

Congress. The expense of the examinations herein provided for shall be assessed by the Comptroller of the Currency upon the banks examined in proportion to assets or resources held by the banks upon the dates of examination of the various banks.

Special examinations.

In addition to the examinations made arid conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal reserve agent or the Federal Reserve Board, provide for special examination of member banks within its district. The expense of such examinations shall be borne by the bank examined. Such examinations shall be so conducted as to inform the Federal reserve bank of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal Reserve Board such information as may be demanded concerning the condition of any member bank within the district of the said Federal reserve bank.

Limit of other examinations.

No bank shall be subject to any visitatorial powers other than such as are authorized by law, or vested in the courts of justice or such as shall be or shall have been exercised or directed by Congress, or by either House thereof or by any committee of Congress or of either House duly authorized.

Examinations of reserve banks.

The Federal Reserve Board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of ten member banks the Federal Reserve Board shall order a special examination and report of the condition of any Federal reserve bank.

Loans, etc., to examiners forbidden.

SEC. 22. No member bank or any officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any bank examiner. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given. Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than $5,000, or both; and may be fined a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner. No national-bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee thereof.

Punishment for violating by bank official.

Punishment for acceptance by examiner.

Restriction on service by examiners.

Receiving fees, etc., by bank officials restricted.

Other than the usual salary or director's fee paid to any officer, director, or employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, or employee for services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficiary of or receive, directly or indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank. No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank without first having obtained the express permission in writing from the Comptroller of the Currency, or from the board of directors of such bank, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress or of either House duly authorized. Any person violating any provision of this section shall be punished by a fine of not exceeding $5,000 or by imprisonment not exceeding one year, or both.

Unauthorized disclosures by examiners forbidden.

Punishment for violations.

In effect in 60 days.

Except as provided in existing laws, this provision shall not take effect until sixty days after the passage of this Act.

Individual liability of national bank stockholders.

SEC. 23. The stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such

R.S. sec. 5151, p. 995, amended.

Transferred stock.

association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within sixty days next before the date of the failure of such association to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liability; but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

Loans on farm lands.

LOANS ON FARM LANDS.

National banks not in central reserve cities may make.

Limit.

Permissible amounts.

SEC. 24. Any national banking association not situated in a central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal reserve district, but no such loan shall be made for a longer time than five years, nor for an amount exceeding fifty per centum of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to twenty-five per centum of its capital and surplus or to one-third of its time deposits and such banks may continue hereafter as heretofore to receive time deposits and to pay interest on the same.

Extension of restrictions.

The Federal Reserve Board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

Foreign branches.

FOREIGN BRANCHES.

National banks may establish.

Applications.

Approval of Reserve Board.

SEC. 25. Any national banking association possessing a capital and surplus of $ 1,000,000 or more may file application with the Federal Reserve Board, upon such conditions and under such regulations as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries or dependencies of the United States for the furtherance of the foreign commerce of the United States, and to act, if required to do so, as fiscal agents of the United States. Such application shall specify, in addition to the name and capital of the banking association filing it, the place or places where the banking operations proposed are to be carried on, and the amount of capital set aside for the conduct of its foreign business. The Federal Reserve Board shall have power to approve or to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate, or if for other reasons the granting of such application is deemed inexpedient.

Information to be furnished, etc.

Independent accounts to be kept.

Every national banking association which shall receive authority to establish foreigh branches shall be required at all times to furnish information concerning the condition of such branches to the Comptroller of the Currency upon demand, and the Federal Reserve Board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accruing at each branch as a separate item.

lnconsistant laws repealed.

Proviso.

Parity of United States money maintained.

SEC. 26. All provisions of law inconsistent with or superseded by any of the provisions of this Act are to that extent and to that extent only hereby repealed: Provided, Nothing in this Act contained shall be construed to repeal the parity provision or provisions contained in an Act approved March fourteenth, nineteen hundred, entitled "An Act to define and fix the standard of value, to maintain the

Vol. 31, p. 45.

parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," and the Secretary of the Treasury may for the purpose of maintaining such parity and to strengthen the gold reserve, borrow gold on the security of United States bonds authorized by section two of the Act last referred to or for one-year gold notes bearing interest at a rate of not to exceed three per centum per annum, or sell the same if necessary to obtain gold. When the funds of the Treasury on hand justify, he may purchase and retire such outstanding bonds and notes.

Securing gold by United States.

Retiring bonds and notes.

National currency associations.

Provisions for, extended lo June 30, 1915.

Vol. 35, p. 546.

Post, p. 682.

R.S. sec. 5153, 5172, 5191, 5214, pp. 996, 1000,1004, 1008, amended.

Former provisions reenacted.

Proviso.

Tax on circulation.

Vol. 35, p. 550, amended.

SEC. 27. The provisions of the Act of May thirtieth, nineteen hundred and eight, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such Act on the thirtieth day of June, nineteen hundred and fourteen, are hereby extended to June thirtieth, nineteen hundred and fifteen, and sections fifty-one hundred and fifty-three, fifty-one hundred and seventy-two, fifty-one hundred and ninety-one, and fifty-two hundred and fourteen of the Revised Statutes of the United States, which were amended by the Act of May thirtieth, nineteen hundred and eight, are hereby reenacted to read as such sections read prior to May thirtieth, nineteen hundred and eight, subject to such amendments or modifications as are prescribed in this Act: Provided, however, That section nine of the Act first referred to in this section is hereby amended so as to change the tax rates fixed in said Act by making the portion applicable thereto read as follows:

Tax on notes secured other than by United States bonds, reduced.

R.S., sec.5214, p.1008, amended.

National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of three per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of one per centum per annum for each month until a tax of six per centum per annum is reached, and thereafter such tax of six per centum per annum upon the average amount of such notes.

Reduction of capital of national banks.

R.S.,sec. 5143, p. 994, amended.

Approval by Federal Reserve Board, etc., added.

SEC. 28. Section fifty-one hundred and forty-three of the Revised Statutes is hereby amended and reenacted to read as follows: Any association formed under this title may, by the vote of shareholders owning two-thirds of its capital stock, reduce its capital to any sum not below the amount required by this title to authorize the formation of associations; but no such reduction shall be allowable which will reduce the capital of the association below the amount required for its outstanding circulation, nor shall any reduction be made until the amount of the proposed reduction has been reported to the Comptroller of the Currency and such reduction has been approved by the said Comptroller of the Currency and by the Federal Reserve Board, or by the organization committee pending the organization of the Federal Reserve Board.

Invalidity of any clause, etc., not to affect remainder of Act.

SEC. 29. If any clause, sentence, paragraph, or part of this Act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

Amendment, etc.

SEC. 30. The right to amend, alter, or repeal this Act is hereby expressly reserved.

Approved, December 23, 1913.

HOW THEY VOTED

Congressional Record - House, page 1464 December 22, 1913 (record vote - Federal Reserve Act.)

The question was taken; and there were—yeas 298, nays 60, not voting 76, as follows:

YEAS—298.

Abercrombie
Adamson
Aiken
Ansberry
Ashbrook
Aswell
Bailey
Baker
Baltz
Barkley
Barnhart
Barton
Bathrick
Beakes
Beall, Tex.
Bell, Cal.
Bell, Ga.
Booher
Borland
Bowdle
Bremner
Brockson
Brodbeck
Brown, N.Y.
Brown, W.Va.
Bruckner
Brumbaugh
Bryan
Buchanan, 111.
Buchanan, Tex.
Bulkley
Burgess
Burke, S.Dak.
Burnett
Byrnes, S.C.
Byrns, Tenn.
Candler, Miss.
Cantor
Caraway
Carew
Carlin
Carter
Casey
Chandler, N.Y.
Church
Clancy
Clark, Fla.
Claypool
Clayton
Cline
Coady
Collier
Connelly, Kans.
Connolly, Iowa
Conry
Cooper
Covington
Cox
Cramton
Crisp
Crosser
Cullop
Curry
Dale
Davenport
Davis
Decker
Deitrick
Dent
Dershem
Dickinson
Dies
Difenderfer
Dillon
Dixon
Donohoe
Donovan
Dooling
Doolittle
Doremus
Doughton
Dupre
Eagan
Edwards
Esch
Evans
Faison
Falconer
Farr
Fergusson
Ferris
Fields
Finley
Fitzgerald
FitzHenry
Flood, Va.
Floyd, Ark.
Foster
Fowler
Francis
Frear
Gard
Garner
Garrett, Tenn.
Garrett, Tex.
George
Gilmore
Glass
Godwin, N.C.
Gooke
Goldfogle
Gordon
Gorman
Goulden
Graham, Ill-
Gray
Gregg
Griffin
Gudger
Hamill
Hamlin
Hard wick
Hardy
Harrison
Hart
Haugen
Hay
Hayden
Heflin
Helgesen
Helvering
Hensley
Hill
Holland
Houston
Howard
Hughes, Ga.
Hulings
Hull
Humphreys, Miss.
Igoe
J ace way
Johnson, Ky.
Johnson, S.C.
Keating
Kelley, Mich.
Kelly, Pa.
Kennedy, Conn.
Kent
Kettner
Key, Ohio
Kiess, Pa.
Kindel
Kinkaid, Nebr.
Kinkead, N.J.
Kirkpatrick
Kitchin
Konop
Korbly
Lafferty
La Follette
Lazaro
Lee, Ga.
Lenroot
Lesher
Lever
Levy
Lewis, Md.
Lieb
Lindquist
Linthicum
Lloyd
Lobeck
Logue
Lonergan
McAndrews
McClellan
McCoy
McDermott
McGillicuddy
McKellar
MacDonald
Maguire, Nebr
Mahan

Manahan	Post	Smith, J.M.C.	Thacher
Mapes	Quin	Smith, Md.	Thomas
Metz	Ragsdale	Smith, Minn.	Thompson, Okla.
Miller	Rainey	Smith, Saml. W.	Thomson, 111.
Mitchell	Raker	Smith, Tex.	Townsend
Montague	Rauch	Sparkman	Treadway
Morgan, La.	Rayburn	Stafford	Tribble
Morrison	Reed	Stanley	Tuttle
Moss, W.Va.	Reilly, Conn.	Stedman	Underhill
Murdock	Reilly, Wis.	Stephens, Cal.	Underwood
Murray, Mass.	Riordan	Stephens, Miss.	Walker
Murray, Okla.	Rothermel	Stephens, Nebr.	Walsh
Neeley, Kans.	Rouse	Stephens, Tex.	Watkins
Neely, W.Va.	Rubey	Stevens, Minn.	Watson
Nelson	Rucker	Stevens, N.H.	Weaver
Nolan, J.I.	Rupley	Stone	Webb
Norten	Russell	Stout	Whaley
O'Brien	Sabath	Sumners	Whitacre
Oglesby	Saunders	Sutherland	White
O'Hair	Scully	Taggart	Williams
Oldfield	Seldomridge	Talbott, Md.	Wilson, Fla.
O'Shaunessy	Sharp	Talcott, N.Y.	Wilson, N.Y.
Padgett	Sherley	Tavenner	Wingo
Page, N.C.	Sherwood	Taylor, Ala.	Woodruff
Palmer	Sims	Taylor, Ark.	Young, N.Dak.
Park	Sinnott	Taylor, Colo.	Young, Tex.
Patten, N.Y.	Sisson	Taylor, N.Y.	The Speaker
Peters, Mass.	Sloan	Temple	
Phelan	Small	Ten Eyck	

NAYS-60

Anderson	Griest	Langley	Roberts, Mass.
Austin	Guernsey	Lewis, Pa.	Rogers
Bartholdt	Hamilton, Mich.	Lindbergh	Scott
Browne, Wis.	Hamilton, N.Y.	McGuire, Okla.	Slemp
Browning	Hawley	McLaughlin	Smith, Idaho
Butler	Hayes	Mann	Steenerson
Callaway	Hinds	Mendell	Switzer
Danforth	Howell	Moore	Towner
Dyer	Humphrey, Wash.	Morgan, Okla.	Vare
French	Johnson, Utah	Morin	Volstead
Gardner	Johnson, Wash.	Parker	Wallin
Good	Kahn	Patton, Pa.	Willis
Green, Iowa	Keister	Payne	Winslow
Greene, Mass.	Kennedy, R.I.	Platt	Witherspoon
Greene, Vt.	Langham	Prouty	Woods

NOT VOTING—76.

Adair	Barchfield	Burke, Pa.	Cary
Ainey	Bartlett	Burke, Wis.	Copley
Alexander	Blackmon	Calder	Curley
Allen	Borchers	Campbell	Driscoll
Anthony	Britten	Cantrill	Dunn
Avis	Broussard	Carr	Eagle

Edmonds	Helm	McKenzie	Porter
Elder	Henry	Madden	Pou
Estopinal	Hinebaugh	Maher	Powers
Fairchild	Hobson	Martin	Richardson
Fess	Hoxworth	Merritt	Roberts, Nev.
Fordney	Hughes, W.Va.	Moon	Sells
Gallagher	Jones	Mossjnd.	Shackleford
Gerry	Kennedy, Iowa	Mott	Shreve
Gillett	Knowland, J.R.	O'Leary	Slayden
Gittins	Kreider	Paige, Mass.	Smith, NX
Goodwin, Ark.	Lee, Pa.	Peters, Me.	Stringer
Graham, Pa.	L'Engle	Peterson	Vaughan
Hammond	Loft	Plumley	Walters

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. Clark of Missouri, and he voted in the affirmative.

So the conference report was agreed to.

Congressional Record - Senate, page 1488 December 23, 1913 (record vote - Federal Reserve Act)

The roll call having been concluded, the result was announced—yeas 43, nays 25, as follows:

YEAS-43.

Ashurst	Jones	Owen	Smith, Ariz.
Bacon	Kern	Pittman	Smith, Ga.
Bankhead	Lane	Poindexter	Smith, Md.
Bryan	Lea	Pomerene	Smith, S.C.
Chamberlain	Lewis	Ransdell	Swanson
Chilton	Martin, Va.	Reed	Thomas
Gore	Martine, N.J.	Robinson	Thompson
Hitchcock	Newlands	Shafroth	Vardaman
Hollis	Norris	Sheppard	Weeks
James	O'Gorman	Shively	Williams
Johnson	Overman	Simmons	

NAYS—25.

Borah	Clapp	McCumber	Sutherland
Bradley	Dillingham	Nelson	Townsend
Brady	Gallinger	Page	Warren
Brandegee	Goff	Perkins	Works
Bristow	Gronna	Root	
Burton	Kenyon	Sherman	
Catron	La Follette	Smoot	

NOT VOTING-27.

Burleigh	du Pont	McLean	Stephenson
Clark, Wyo.	Fall	Myers	Sterling
Clarke, Ark.	Fletcher	Oliver	Stone
Colt	Hughes	Penrose	Thornton
Crawford	Jackson	Saulsbury	Tillman
Culberson	Lippitt	Shields	Walsh
Cummins	Lodge	Smith, Mich.	

So the report of the committee of conference was agreed to.

President Woodrow Wilson signed the Federal Reserve Act immediately following its adoption by the Senate, 23 December 1913.

OTHER BOOKS, CASSETTES & PUBLICATIONS

BOOKS

EMERGING STRUGGLE FOR STATE SOVEREIGNTY

An action-motivating book by Archibald E. Roberts.

BIG (8/2 x 11) QUALITY BOOK.
303 pages: illustrated, Documented, Indexed

SOFTCOVER:	$5.95
HARDCOVER:	$9.95

Facts behind national emergency, plus a tested, proven course of action to restore fiscal sanity and political responsibility in local, state and national affairs.

Emerging Struggle for State Sovereignty will confer upon you a unique authority. You will be informed on facts behind the national emergency and learn there is a solution to the problem.

You need not stand idle while others, for lack of knowledge, watch in helpless frustration destruction of their family and property.

VICTORY DENIED

Book Club Edition, 300 pages, paperback. Many official exhibits. List $1.00 (+ $1.00 postage & handling).

By Archibald E. Roberts, Lt. Col., AUS, ret.

Explains why America's soldier sons are committed to an unconscionable policy of "Perpetual War for Perpetual Peace." An award-winning book. Should be in every school and college library.

THE REPUBLIC: DECLINE & FUTURE PROMISE: BIG 8/2 x 11

Documented, Illustrated, Indexed.

SOFTCOVER:	$3.95
HARDCOVER	$5.95.

By Archibald E. Roberts, Lt. Col., AUS, ret.

Identifies financial and political forces which are reshaping America for The Third Century.

Reveals a plot to erect a corporate state upon the ruins of the Republic; how a "power elite" seeks to overthrow the U.S. Constitution, seize control of private property, and reduce Americans to the status of economic serfs on the land which once was theirs.

PEACE: BY THE WONDERFUL PEOPLE WHO BROUGHT YOU KOREA AND VIET NAM

Profusely documented hardcover book. 377 pages. List: $6.95.

By Archibald E. Roberts, Lt. Col., AUS, ret.

Examines "regionalism" and interlocking subversion in government departments. Contains important regionalism documents.

THE ANATOMY OF A REVOLUTION

Indexed, 40 pages. List: $2.00

By Archibald E. Roberts, Lt. Col., AUS, ret.

Self-documented research study traces origins of world revolution from Adam Weishaupt to David Rockefeller. Vital to understanding forces underlying U.S. social, economic, and political convulsion.

THE CRISIS OF FEDERAL REGIONALISM: A SOLUTION

Forty-page booklet, indexed, annotated. $1.00.

An astounding, documented narrative of the origins, authors, and objectives of the federal regional concept.

CASSETTES

IDAHO CHALLENGES FEDERAL RESERVE

Live tape recording, testimony by Archibald Roberts, Lt. Col., AUS, ret., Director, Committee to Restore the Constitution, before Idaho Senate Committee on State Affairs. Your key to unlocking, "Secret Government of Monetary Power": $5.00.

SHOULD THE UNITED STATES PARTICIPATE IN AND ENCOURAGE THE DEVELOPMENT OF THE UNITED NATIONS ORGANIZATION

New York debate: Rep. Ottinger/Col. Roberts Probes international deceit and United Nations as an instrumentality for global conquest: $5.00.

REGIONAL BUREAUCRACY

Rare and historically important joint Indiana State Senate Judiciary and House Government Reorganization committees. Principal speakers: Norman Dodd, T. David Horton, Mrs. Betty Mills, Dr. Richard Blair, Mrs. Robert Houlihan and Archibald Roberts, on Senate Bill #100 and House Bill #1029 to void federal regionalism in Indiana. 90 min: S5.00.

LAND CONTROL LAWS - DO THEY CANCEL YOUR PRIVATE PROPERTY RIGHTS?

By Archibald E. Roberts, Lt. Col., AUS, Ret. 90 minute talk recorded before a live audience during a speaking tour in Illinois. (Question and answer period included.! $5.00.

U.S. CONSTITUTION V. REGIONALISM

Testimony by T. David Horton, Attorney, Indiana Governmental Reorganization Committee: $5.00.

REGIONAL GOVERNMENT

Col. Roberts testimony, Indiana Legislative Study Committee: $5.00.

VISUAL AIDS

REGIONALISM ON TV, Videotape Cassette in Full Color. Professional Quality - 29-minutes. Live interview with Archibald E. Roberts, Lt. Col., AUS, Ret., Director, Committee to Restore the Constitution, on facts behind the national crisis. Identifies core problem and explains solution. Not a theory but a working plan to halt the silent revolution of federal regionalism and land control.

REGIONALISM! #1 COMMERCIAL T.V.

Price: $50.00. Available for public service broadcast on local television stations (3/4 in.).

REGIONALISM! #2 HOME TV SYSTEMS

Price: $50.00. Video Cassette (VHS) for home television. Same inteview with Col. Roberts manufactured for home television systems.

ABOUT THE AUTHOR

Archibald Edward Roberts, Lieutenant Colonel
Army of the United States, retired (c. 1961).

Graduate of the Officer Candidate School, Command and General Staff College, Armed Forces Information School, Airborne School, and the Medical Field Service School.

Enlisted 2 June 1939 at Denver, Colorado. Commissioned 19 December 1942 at Camp Pickett, Virginia. Assigned Pacific and European Theatres, World War II, and Far East during the Korean Conflict.

An ex-paratrooper who served with the 11th Airborne Division, the 187th Airborne Regimental Combat Team, the 101st Airborne Division, and the 3rd Infantry Division as an Army Information Officer.

Wrote and directed the 24th Infrantry Division, ""Pro-Blue" troop information program which was the central issue in the 1962 Senate "military muzzling" investigations. (Military Cold War Education and Speech Review Policies, Senate Committee on Armed Services, April 4-13, 1962).

Successful litigant (1962-65) in a precedent-setting law suit against the Secretary of the Army, Cyrus R. Vance, involving freedom of speech of military personnel. Voluntarily retired in 1965 after twenty-six years Army service.

Author of the award-winning book, Victory Denied (1966), The Anatomy of a Revolution (1968), Peace: By the Wonderful People Who Brought You Korea and Viet Nam (1972), The Republic: Decline and Future Promise (1975), The Crisis of Federal Regionalism: A Solution (1976), Emerging Struggle for State Sovereignty (1979), How to Organize for Survival (1982), and hundreds of articles on The New World Order and its U.S. manifestations: United Nations, Federal Regionalism, and Federal Reserve System. Roberts publishes a monthly bulletin with national circulation and distribution to state lawmakers, media and heads of conservative organizations.

Roberts has addressed joint sessions of the Alabama and Louisiana state legislatures. He has testified before Congressional Committees and state legislative committees on the issues of United Nations, Federal Reserve System, Federal Regionalism and Federal Lands (Sagebrush Rebellion), in Massachusetts, Florida, Georgia, Alabama, Ohio, Michigan, Indiana, Illinois, Wisconsin, Minnesota, Iowa, Missouri, Kansas, Nebraska, South Dakota, Colorado, New Mexico, Texas, Arizona, Nevada, Idaho, Oregon, Washington, Arkansas and Alaska. State campaigns for Life, Liberty and Property required repeated appearances over a period of twenty-two years. Roberts has also testified before hundreds of county commissions and has spoken before uncounted public meetings and seminars.

In 1965 Colonel Roberts founded the Committee to Restore the Constitution for political research and public education. CRC, incorporated under Colorado non-profit statutes in 1970, supports a national network of county chapters and state coordinating committees.

In 1975 Roberts was elected President, Foundation for Edcuation, Scholarship, Patriotism and Americanism, Inc. (established 1960), a Texas-based, charitable, tax-exempt foundation.

Member of the "Rakkasans!" (187th Airborne Regimental Combat Team) Association, the Reserve Officers Association, and Sons of the American Revolution.

Recipient: "Noteworthy American" 1978 Historical Preservations of America; "Liberty Award" 1976 Congress of Freedom; "Colonel Arch Roberts Week" 1974 City of Danville, Illinois; "Speaker of the Year" 1973 We, the People; "Medal of Merit" 1972 American Legion; "Man of the Year" 1971 Wisconsin Legislative & Research Committee; "Man of the Year" 1970 Women for Constitutional Government; "Liberty Award" 1969 Congress of Freedom; "Good Citizenship Medal" 1968 Sons of the American Revolution; "Award of Merit" 1967 American Academy of Public Affairs.

Listed: Marquis Who's Who, Who's Who in the West; Gale Research Company, Authors in Print; Bowker Company, Authors in Print; American Biographical Institute, Noteworthy Americans.

Interested scholars may secure further information from The Roberts Collection, University of Oregon Library, Eugene, Oregon.

WHAT OTHERS SAY ABOUT THE MOST SECRET SCIENCE

"The long journey which abolishes the Federal Reserve System and will restore national fiscal integrity must begin with a first step. I believe that Committee to Restore the Constitution action is that first step."
HON DAVID L. TOMLINSON,
Representative
Utah State Legislature

"Colonel Roberts efforts to establish an honest money system deserves the assistance of all Americans who value the opportunity to live as free men."
STEPHEN A. ZARLENGA, President
Books in Focus

"THE MOST SECRET SCIENCE is another important building block in the defense of our rights and liberties."
HON JACK METCALF, Senator
Washington State Legislature

"THE MOST SECRET SCIENCE is a valuable step in the right direction - it is based on the Constitution and recognizes that our enemies use the Hegelian Dialectic as their key weapon. Buy it .. . and use it. We still have time."
DR. ANTONY C. SUTTON, Ph.D., Author
"Introduction to the Order"

"We seem bent on losing our precious freedom via our own inertia."
HON D. LEE JONES, Former Representative
Arizona State Legislature

"Until the people of the United States understand the strategy and tactics of the One Worlders, we can never succeed in saving the Nation from communist domination."
JOHN K. SINGLAUB, Major General
United States Army, Retired

"I feel there are facts that simply would not come to my attention without your help."
HON ORRIN G. HATCH, Senator
United States Congress

"Our 'Day of Infamy' occured on December 23, 1913 with the establishment of the Federal Reserve Act which insures that even if the budget is balanced, the Fed still holds a mortgage on our nation while we hold the bag."
JOHNNY STEWART, President
Fund to Restore an Educated Electorate

"THE MOST SECRET SCIENCE is a book of knowledge of the past to awaken the future. Colonel Roberts' explanation as to how the money problem got where it is today, and the solution to cure this threat to freedom, is truely a beacon of light."
HON JOHN R. RARICK, Former Member
United States Congress

"Every citizen should read and heed Colonel Roberts book, THE MOST SECRET SCIENCE, if we are to preserve our sovereign heritage. A most effective weapon against economic tyranny."
HON FRANK FINDLAY, Representative
Idaho State Legislature

"Colonel Roberts' plan to restore interest-free money would slash the Federal deficit by $130 billion annually, save the average U.S. family $2,400 a year in income taxes, and finance a new American prosperity."
HAL BRYAN, Publisher
The Hard Money Investor

"The quickest way to learn what really makes the U.S. financial system tick and how you can help improve it is to read this eye-opener now . . . before it's too late."
DON BALE, Jr., President
Bale Publications

"We feel that nothing can be accomplished in this country until the racial situation is straightened out. You have other solutions. Since there are many roads to our salvation, we have three cheers for anyone who is trying to get us out of the morass."
HOWARD ALLEN, Publisher
Howard Allen Enterprises, Inc.

"Good history. Good analysis of the problem. Good recommendations. Buy it and pass it around."
DAVID E. RHOADS, Publisher
The Rhoads Conclusion

"Here at last, is a positive action strategy to save the Republic. But, it is a game plan for dedicated participants. It is not a spectator sport."
PEGGY POOR, Publisher
The Upright Ostrich

"Only by firing the mind of the citizen to stand forth and say 'Stop' to the unrushing tide of collectivist tyranny, will America ever be returned to the ideals of individual freedom and responsibility."
JERROLD D. DICKSON, Editor/President
The Dickson Letter

"Abolition of the Federal Reserve System would be a long step in the direction of sound money and control of inflation."
DR. AL OWEN, M.D., Publisher
The Newsletter Digest

"THE MOST SECRET SCIENCE is a great contribution to patriotic knowledge - the only real weaponry Americans have."
H.I.H. ALEKSEI ROMANOFF
Heir to the All-Russian Imperial Throne
Publisher
Double Eagle

"Elimination of the Federal Reserve System is essential to the restoration of our once free and independent constitutional Republic. The only logical, legal and constitutional solution to the problem seems to depend upon the concerted action of the respective state legislatures."
DON BELL, Publisher
The Don Bell Report

"Arch Roberts has produced an historical study of the Federal Reserve System that should be read by every person alarmed by U.S. economic crisis. THE MOST SECRET SCIENCE shows what we can do to resolve the 'inextinguishable national debt' problem."
ROBERT WHITE, Publisher
Financial Security Digest

"As a long-time observer of the problem, I can say that, if the Fed is to be defeated - a grass-roots movement will be needed. Such a movement is outlined in the 'county-state' effort pioneered by Colonel Roberts in his anti-regional government campaigns of the 60's and 70's. His book, THE MOST SECRET SCIENCE, outlines how to get results in our battle to repeal the Federal Reserve Act."
LAWRENCE T. PATTERSON, Publisher
L.T. Patterson Strategy Letter

"Colonel Roberts' efforts to expose and neutralize the mega-bankers deserves the support of every person in this country. His book, THE MOST SECRET SCIENCE, can be a devastating weapon of truth in the hands of action patriots. Thank God for the men and women who tackle the international colossus 'head on'."
THE MOST REVEREND
JAMES PARKER DEES, Presiding Bishop
The Anglican Orthodox Church

"It is our hope to see legislation enacted to remove control of the money supply away from the discretion of the Federal Reserve Board back to the pure market forces of the gold standard."
LINDA R. BEVAN, Editor
World Market Perspective Publishing Company

"American citizens cannot enjoy economic or political stability in the United States as long as anonymous private interests manipulate the volume of money and the value of money to attain their secret goals."
EUSTACE MULLINS, Author
"The Secrets of the Federal Reserve"

"341 million ounces of the Nation's gold reserve (52%) could not have been removed from the United States bullion depositories during the 11-year period 1958-1968 without the knowledge and acquiescence of the Federal Reserve System."
EDWARD DURELL, Author
"Mr. President - Where Is Our Gold?"

"Nearly every dollar that is in circulation, whether it be a Federal Reserve Note, a negotiable instrument or the new 'plastic money,' is an interest-bearing debt dollar."
HON WAYNE STUMP, Senator
Arizona State Legislature

IN THE PRESENT CLIMATE OF ECONOMIC EMERGENCY . . . .

it appears that the greatest stumbling block to acceptance of necessary data for financial survival, and the conclusions which must be reached by the individual, is the feeling of "unreality" which the truth holds for the very people who seek it.

The impending economic / political disaster is permitted its fantastic rate of growth through no other factor as much as incredulity masked as apathy. The resulting inaction of the people is a powerful propellant to nihilistic doctrine.

Knowledgeable response to crisis is, of course, more difficult than protest. But, protest alone will not defend your family, your money and your property. A vital first requirement for financial survival in a hostile political environment is identification of the men, and the system, who direct the course of the Republic to oblivion and her people to an Orwellian twilight zone.

Now you can have the key to unlock the mystery of "the secret government of monetary power," and learn how to defend your money and property against their confiscatory stratagems.

It is wasteful to wrestle with the convoluted, impersonal problems of the world. More real progress will be made in defense of freedom by concentrating your time and energy on economic issues affecting your resources and your family.

THE MOST SECRET SCIENCE rips the veil of secrecy from the men and the system behind America's economic crisis, and —

- Provides the necessary knowledge and plan of operations enabling you to harness powers of county and state governments to your financial survival.
- Shows what Americans like you are doing to escape impending economic / political disaster.
- Explains how sovereign states seek to oust international bankers from the nation's pocketbook.

THE MOST SECRET SCIENCE makes you privy to the fruits of vast economic research, state legislature hearings, and court findings branding the Federal Reserve Act of 1913 "unconstitutional," and Federal Reserve banks "private corporations" which create money out of thin air and charge interest on it forever.