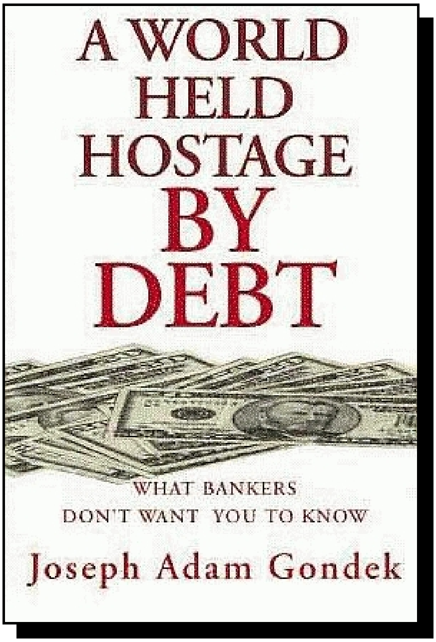
A WORLD HELD HOSTAGE BY DEBT
WHAT BANKERS DON'T WANT YOU TO KNOW
Joseph Adam Gondek

This book is a Sequel to *Land Lords of the World*

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Dedication

I dedicate this book to the Holy Spirit, whom I constantly invoked to guide me and give me the courage to undertake and pursue this most difficult task of trying to explain the issues underlying economic injustice and poverty and finding a solution to the problems they bring.

And to the Immaculate Heart of Mary, ever open to those who are poor and to St. Joseph, the patron of the ordinary citizen seeking justice and honesty in the world.

- Rev. Joseph Adam Gondek

Acknowledgments and Thanks

To Anthony and Leo Frigo, for graciously consenting to have me build a whole chapter on their family's micro-economics.

To the many friends who "encouraged" me for five years to get it done.

To Daniel J. Stafford, a dear friend who calls himself just a common guy and represents the ordinary citizens of our country in extraordinary ways. For his invaluable help in editing this book and writing the Foreword from a citizen’s perspective.

To Robin Stachowicz Mehrens, for the original drawing used in Chapter 18 to symbolize young people’s needed participation to achieve justice (the scale) and prosperity(wheat).

To Pete and Denise Maloney for the photo of their children, Maxwell, Victoria, and Ella with permission to use it in Chapter 24 to symbolize the world’s children and grandchildren of the world. It is especially their future as well as ours for which the world must be freed from the ravages of debt and poverty.

To the countless “ sources” recognized at the end of each chapter, including the West Iron County Library which helped me to find those that were out-of-print.

Preparing for the Adventure

Foreword

One would expect a person of importance or renown to be asked to write an introduction to the material you are about to read. Instead, a regular person, perhaps much like yourself was requested to do the job. What you are about to read is a journey or adventure into the past, present and, possibly the future. This journey you are about to undertake will also ask you to do a job. One that will make your life, the life of your children and grandchildren much different than what the world has currently laid out for us. At the end of this journey the question will be, do you have the courage, fortitude, persistence and determination to make a difference in your life and that of the world?

This is not the first book I have read by Rev. Gondek. His first work was so very interesting and thought provoking, but alas, at the end of the book, the objective of the book seemed impossible to achieve. Not so in this reading. The author shows new hope and sound methods to accomplish a world without monetary debt and slavery. At this point, you may be asking yourself, what am I talking about? The title of this work is so very revealing. "A World Held Hostage by Debt - What Bankers Don't Want you to Know." It says more than one realizes and unpacks the secrets that holds the world to slavery of debt.

It is my hope that you too will find this book more than interesting. I believe you will find it explosive and perhaps dangerous. At the same time, you will discover that it is a fast read, even for a slow reader like myself. The subject could not be more timely under today's financial conditions, while nations are under attack and while starvation continues both here at home and other parts of the world. This material has the power to change all of that. I know of no other information this powerful. You will have the full power of truth at your command within this work. Read, study and follow the reasoning within this material. I believe you too will personally see the value and opportunity presented here. Your personal conviction will give you the power, courage and determination to change your financial future and that of the world.

I invite you now to take this journey and venture into creating a future truly free from debt, poverty and the loss of our sovereignty as a nation.

Daniel J. Stafford -

About the Author

Joseph Adam Gondek was born of immigrant Polish parents, Albert and Zofia Palka Gondek, on July 28, 1911. With his parents raising a family of eleven children on a farm during the Great Depression of 1929-33, when all they could get for potatoes was five cents a bushel and a cow sold for ten dollars. He learned what it is to be poor and hungry. Nevertheless they were proud, paid their taxes, trying to make it without public assistance, of which there was very little. As a student there were times when he himself has not known where he would find shelter for the night.

He is a retired Roman Catholic priest who devoted over 65 years to pastoral work and has taken an active role as a civic leader. He gained a bachelor's degree from St. Mary's College in Orchard Lake, Michigan. He has traveled widely, observing abject poverty and economic conditions in many countries. He has a working knowledge of several languages. The most significant studies he pursued which would prepare him for competent formal and personal studies of economics were the same that prepared him for the four year study of theology, a more complex subject. This meant preparing one for scientific logical reasoning, discerning truth from error, and recognizing reality and cause and effect relationships. His intense interest in economics and poverty persisted for the next 60 years.

Why This Book? An Apologia

My earliest studies of economics were for the purpose of finding an answer to why there was so much poverty in the world. The fact that almost every nation had adequate natural resources and people willing to work to develop them to serve their needs while 1.3 billion didn't have enough to eat didn't make sense to me. There had to be an answer. But the academic economists did not have it.

> Mohammad Yungus, head of the economics department of Chittagong University of Bangladesh, in the introduction to his book "Banker to the Poor" writes, "What good were my complex theories when people were dying of starvation on the sidewalks and porches across from my lecture hall?.....
>
> When I emerged from the comfort of my classroom, I was faced with the reality of the city street....Daily life was getting worse, and the poor were growing even poorer. Nothing in the economic theories I taught reflected the life around me. How could I go on telling my students make-believe stories in the name of economics? ... I needed to run away from these theories and my textbooks and discover the real-life economics of a poor man's existence......"
>
> Some of the economic theories were designed specifically to keep the citizens confused about financial matters. They were led to believe that these matters were too complex for the average person to understand and were better left to the bankers. They would then not bother the bankers or question what they were doing.

If I could not find the answer to my question in the writings and teachings of academic economists, where was I going to find it? I was thrown back to my own resources.

Among those resources I was researching the financial histories of nations, including those of our own American colonies and of the newly created United States of America. This data could then be analyzed in the light of philosophy, ethics and theology to find valid premises from which logical conclusions could be drawn. These conclusions could then be tested further for the validity of the premises on which the conclusions were based. If they proved to be valid in real life situations then the premises could be accepted and serve to provide the answer I was looking for.

I firmly believe that I have done my homework over a period of 65 years and am now completely convinced and satisfied that I have discovered the real answers. This information is not found in a coherent and usable form in any book I know. It is noteworthy however, that in recent years there are many good books being published on the individual themes treated in this book, except on the subject of debt. This shows a growing awareness among citizens.

Having all this information, so important to the material and spiritual well-being of mankind at my finger tips, and not sharing it would be an unforgivable crime against humanity. I had never thought of writing a book until after my retirement at age 80, thinking what I should do with the rest of my life, I started hearing what people had been telling me for years. They were telling me that I had a number of talents, among them a talent for writing, seeing future consequences as effects of current events, coming to the core of issues, and the ability to explain them lucidly. If I had these talents they were from my Creator and I was responsible to Him to use them. So I thought I had better get started and write about what I learned in 65 years.

Preparing for the Adventure

Encouraging too were these words of Robert T. Kennedy:

> " Each time a man stands for an ideal, or acts to improve the lot of others, or strikes out against injustice, he sends a tiny ripple of hope. Those ripples build a current that can sweep down the mightiest wall of oppression and resistance."

I do not have any academic degrees in economics nor do I envy the authors of books on economics who have them. I prefer to have it that way. This permits me to cut loose from repeating discredited theories that have failed the test of life. But what I do have is a deep love for God as our Father and for my brothers and sisters in the human family, especially the poor. I have the common sense of a man raised on a farm and the ability to think logically, discern truth from fiction or lies and right from wrong.

May this tiny ripple of love be multiplied millions of times by the readers of this book who help to implement the solutions to debt and poverty that are presented here.

The Preface to

"A World Held Hostage by Debt: What Bankers Don't Want You to Know"

The major purpose of the first book "Land Lords of the world" was to find the root causes of worldwide debt and poverty and how to remove them. New information concerning solutions actually accomplishing that for over 750 million people today and new perspectives that were gained from the experiences achieving those miracles made it necessary to add new chapters to any new edition of "Land Lords".Three new chapters prove conclusively the absolute and indispensable need for Credit and Money for any solution of economic problems. The chapters share, complement, and demonstrate procedures required for achieving their respective goals.

The overwhelming preponderance and importance of the content of these three chapters really makes this a new book a Sequel to "Land Lords of the World" and calls for a new Title. At the same time, the most significant content of the original "Land Lords of the World" continues to be valid and is incorporated in the Sequel. It provides the education in economics promised, the documentation, relevant historical narrative and explanations which make very interesting reading and contribute to the full understanding of the new material.

The explanations and narratives are in simple and clear language, but the reader is invited to take the time to follow the reasoning. Professional people who had done this, even for the third time, noted that this brought them personal conviction, excitement and impelled them toward taking action. The three chapters are:

After reading the first 20 chapters, the reader will have a very good understanding of Money and Credit and of the politics involved, before he/she gets to explore the new material.

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A World Held Hostage By Debt

Chapter One

Injustice, Poverty and Terrorism

An Introduction

The greatest impediment to removing injustice, poverty and terrorism that a nation faces is the ignorance and apathy of its citizens.

In a democracy, the first obligation citizens have is to be knowledgeable participants in the government of their nation. They are the government. The wisest Constitution that has ever been devised for any nation has entrusted the common good of the people to a government of the people, by the people, and for the people. It was an experiment. George Washington, the first president of the United States, warned that it is of paramount importance that the citizens of the nation be educated and knowledgeable. Otherwise, this experiment would not survive.

The financial history of our nation shows that it is a tragic mistake for the citizens of a democracy to remain ignorant in a matter so essential as money. Our natural resources are more than adequate to provide a livelihood befitting human dignity for all the nation's citizens, as they are in almost every nation. As a general rule, people want to work, to create wealth. The opportunities for employment could be endless, with all the development and maintenance of infrastructures that is needed throughout the world. What is lacking is an honest money system to provide a just exchange of the values created.

The Roots of Violence and Terrorism

For thousands of years the Hebrew and Christian Scriptures and, more recently, the teachings of the popes of the Roman Catholic Church have repeated over and over the cries of the poor and the oppressed for justice.

On August 13, 1993, in Denver, Pope John Paul II addressed a record breaking crowd of young people and of the political and business leaders of Colorado. At exactly the same time President Bill Clinton, the United States Justice Department, and members of Congress were in conference in Washington, D.C. At both gatherings the concern was over the seriousness of the problems of violence and how to curb it.

The pope reaffirmed what he had been saying repeatedly in different ways that violence is "rooted in the human heart." The human heart that resorts to violence and terrorism, even to the point of sacrificing itself by participating in suicide bombing is a heart that rebels against injustices and the denial of its freedom through military occupation of its country. In the words of Secretary of State Colin L. Powell: "Terrorism flourishes in areas of poverty, despair, and hopelessness, where people see no future."

When these evils are replaced by genuine love, compassion and concern for our brothers and sisters in the human family, the hearts that rebelled against injustices will respond with love. It happens every day. If we find and implement a solution to the economic injustices we will remove the reasons for most of the violence and terrorism as well.

Finding a Solution to Injustice and Poverty

That is the major concern of the economics you will learn in this book. Jesus said, "The poor you will always have with you." But certainly the physical poverty that degrades the human dignity of billions on a worldwide scale, is not the poverty Jesus spoke about. To learn what poverty really is one must see it in the flesh and live with poor people. People who have done that found it to be a life changing experience.

Personal misfortunes and national crises are greatly alleviated by the compassion and love of generous individuals. But the massive and heart-rending poverty and injustices that we see by visiting Third World countries or even some areas in our own county which are seldom reported by the media, can never be resolved by individuals working alone.

The primary causes of that poverty are so entrenched in our society and in its economic institutions that they must be confronted and addressed only by an enormous and cooperative community effort working in solidarity.

Something Has to Change

Even our most well-intentioned leaders don't understand what changes are needed. Significant changes that will make the difference between poverty and adequate self-support for all citizens call for radical changes in our economic structures.

Pope Pius XI in Quadragesimo Anno identified the primary cause of poverty as the "International Imperialism of money" which is composed of unjust structures and institutions.

These structures are primarily debt and the international banking system with its 173 central banks throughout the world. Debt does not exist in the abstract. It is created by those banks so it can be monetized. As money it gives them the power to control all the world's economies, governments, politics, educational systems and media of the world.

These financial institutions use their resources to tailor the world to their ideologies and agendas. They continue to create and monetize more and more debt to give them ever greater hold on the world as their hostage. Their greed for wealth and lust for power are never satisfied. It results in billions of people throughout the world being deprived of a decent livelihood and in abject poverty.

The encyclical "On the Development of Peoples" by Pope Paul VI identifies these structures still further. Then In his encyclical Centesimus Annus,1991 Pope John Paul II said that "debt and poverty are unnecessary" and called for an "unprecedented worldwide community effort to make radical changes in the social and economic structures that are the root causes of worldwide debt and poverty." (Later translations do not carry the passage in the precise order in which it is quoted, but they do have all the phrases that make it up, including the word radical.)

Churches and relief organizations

They teach respect for the dignity of every human being as a child of God. They keep calling for the justice that would enable every person to live a life in keeping with that dignity. They have helped to educate and civilize whole nations. They keep motivating their members to ever greater generosity. That generosity has been outstanding especially in times of crises. But all this effort and compassion are no where close to a solution of worldwide injustice, debt and poverty. There is something missing in what the churches are doing.

Something Missing

That call for "an unprecedented worldwide community effort" issued twelve years ago has not had any significant response from the churches and relief organizations. The question of the national debts being a root cause of the poverty in many nations was brought to the world's attention many times by Pope John Paul II since that universal call in 1991. More recently , he requested the Banks to forgive those debts, which keep the nations in poverty. The IMF (International Monetary Fund) and the World Bank responded in a very limited way, both by how little they forgave and by the conditions they imposed on the nations before any forgiveness. In some countries, like Brazil, these financial institutions refinanced the debt at 20% interest, sinking the countries deeper into poverty. What most people fail to realize is that the Banks are in the business of creating debts to exploit the nations' resources, not forgiving them.

In the churches and charitable institutions we have talented and dedicated people who should be the most interested in solving the problems of worldwide poverty. But they failed to respond to the call for radical changes in the social and economic structures that are root causes of that poverty. Why?

The answer to that question is simply that they have not taken the time to learn what the radical structures are that Centesimus Annus is asking them to help change. Therefore, they are not able to understand that what they are doing is supporting them, instead of doing anything to remove them.

For instance, in the aggregate the churches and charitable institutions need great amounts of Credit. So, they find it convenient to go to their friendly local commercial banks, but they do not understand nor realize that in so doing, they are actually enabling the banks to use the unjust structure of fractional reserves, to create the money they are borrowing. Nor do they understand what fractional reserves or debt-based money are. This simply shows how important correct knowledge of money, its nature, and its multiple functions is. This cannot be remedied in a few paragraphs in the context of this chapter. It will take a study of chapters 4, 5, 6, and 7 to understand fully what debt-based money and fractional reserves are and how they exploit a country.

But what the institutions that are being challenged can understand, is that with a little planning, they could pool their resources and provide their own credit cooperatively, without contributing to the maintenance of any fractional reserves or other unjust structures which the Pope is asking them to help change.

Second, the institutions deposit their funds in commercial banks which increase the banks' fractional reserves so they can create roughly ten times as much money for loans at interest. This is a direct contribution to the unjust structure of fractional reserves which the Banks use to create the debts that keep countless nations in poverty. These are the most evident ways in which these organizations maintain the debt-based money system they are asked to change.

In areas, like Funds, Investments and Annuities, involvement would have to be evaluated in each instance, depending on its relationship to fractional reserves. No blanket evaluation can be made, but these financial instruments do provide the occasions for supporting or denying support of the offending structures. This demonstrates how important adequate knowledge of money and economic structures is, not just for the CEO's of these institutions but for all citizens, if they are to help remove injustices and poverty from our society.

If the churches and charities can give a better answer as to the reasons why there is so little effort given to respond to that universal call, the author will be very grateful to be informed.

Are They Delaying or Preventing the Solution?

Whatever gain or convenience one may get by patronizing the present commercial banks is only short term, while the greater good of solving the debt and poverty problems of nations is thereby being delayed or prevented.

This quotation from the "Pastoral Constitution of the Second Vatican Council on the Church in the Modern World" deserves serious and deep reflection by those in the churches and relief organizations who aspire to observe the "Option for the Poor:"

> "To build peace, the causes of human discord which feed the fires of war must first be eliminated, and among these are especially the violations of justice. Many of these causes are due to gross economic inequality and delay in providing necessary remedies."

Is This Just An Excuse?

Some Church leaders reading this call to action in the previous book objected to it with the excuse that the Church documents do not identify the structures well enough for the churches to become involved in any concrete way. They claim that identifying them is a controversial issue.

Pope John Paul II identified debt as the major cause of poverty many times since his universal call for change twelve years ago. Whom was he addressing asking for debt forgiveness of foreign debts, if not the International Bankers? Who creates the debt-based money to lend if not the International Bankers? Who else are they other than the World Bank, the International Monetary Fund, and the Federal Reserve, with their 173 associated Central Banks? They are the ones holding the debts. How much clearer can the identification of these structures be?

And if that is not enough, ask any of the leaders of the 49 Third World Nations, all the Latin American and East Asian countries. There is nothing controversial in their minds about who is exploiting them and keeping them in poverty. Ask the courageous Mahatir who battled the IMF and the World Bank and lead Malaysia to many victories over the twenty years that he was the Prime Minister. To say that the structures which are the root causes of poverty have not been sufficiently identified is simply not true.

The Power of the Citizens

The churches and other charitable institutions promote their localized charitable works and do it well. But it is far more important for them to keep society aware of the seriousness of the worldwide poverty that is there and of its impact on the moral and spiritual life of people.

Not only must they keep reminding us of our responsibility to cooperate on a wider community level, but they are expected to set the example by helping to mobilize nations to respond to the call for concerted worldwide action. Pope John Paul II speaks at length and with great emphasis about the need for such cooperation in the encyclical *Centesimus Annus* (*One Hundredth Year*), issued May 1, 1991.

United and organized in a giant cooperative effort, the citizens of every nation have the power to change unjust and oppressive economic principles and structures. The call has been for change. This book, however, calls for complete removal of these structures. Removal should be easier than change. Our American experience has shown that every time change was attempted, the financial powers came back stronger. Chapters 21,22, 23, and 24 will provide many insights and much information how to mobilize for total removal.

Government Help

The government could tax its citizens for poverty programs to the point of plunder and still only temporarily address people's material needs. Infusing more borrowed debt-based money into poverty programs merely adds to the national debt and institutionalizes poverty and dependence.

The government's true function is not so much to take care of people's needs in a paternalistic and bureaucratic fashion as to provide them with the honest debt-free money that would serve the common good, not just the privileged financial institutions. A Debt-based money system keeps people in debt. A debt-free system will provide all able-bodied citizens with gainful employment so that they will be able to rise from debt and poverty by themselves with a sense of personal pride and accomplishment. By replacing the debt-based money with its own debt-free money the government will have all the money that it needs to fund development and maintenance of all infrastructure and societal services and will virtually eliminate poverty with the employment this will create. The expanded economy will lead to better care for the disabled and otherwise disadvantaged. This is not just an assumption. Its truth has been dramatically demonstrated in our colonial history and in the Grameen experiment. More on this subject in chapters 7 and 21.

The Fundamental Answer to Poverty and Injustice is Love

The more that intelligent people capable of thinking beyond material values and self-interest reflect on it with open minds, the more likely they are to conclude that the only power that will bring an end to injustice and poverty in the world is presented in Scripture:

> "If I give everything I have to feed the poor...but have not love, I gain nothing....Love never fails" (1 Cor. 13:3, 8).

Genuine love will help us see every human being as our brother or sister in the human family, and worldwide hunger, homelessness, destitution, and poverty as unworthy of that human dignity. People with genuine love in their hearts will not allow themselves to remain ignorant of how the imperialism of money controls the economies, politics, education, culture,public opinion and communications of virtually every nation. That love will then impel us to help mobilize for the cooperation and solidarity needed to remove the structures which constitute this imperialism in their own nation.

The example set by our own American nation could become a prelude to the worldwide cooperation called for by the encyclical Centesimus Annus, with each sovereign nation responding voluntarily. To mobilize for such cooperation and solidarity we have to begin. Once motivated leaders come forth from our ranks, the results will surprise them and all of us, and the results will continue to grow until our goals are achieved. If the poorest of the poor in Bangladesh could accomplish this under the leadership of the head of the Department of Economics at the Chittagong University, then certainly the ordinary people of our society who are rich in their love for the poor, can do the same. (Chapter 21) All we need is the love, courage, and determination like theirs to start.

We can start by changing our own wasteful lifestyles and attitudes toward material possessions and by our example possibly motivate some of the wealthy, powerful, and greedy among us to use our talents and resources to assist in mobilizing.

Genuine love will give us courage to face criticism, opposition, and ridicule from those who will see in our efforts a threat to their deeply entrenched exploitive preoccupations. It will reverse our international relations and policies that promote genocide and plunder of the natural resources of nations. In a positive manner it will help those nations to use their own resources to develop their infrastructures and economies with their own money and credit created by their sovereign authority. This will achieve peace, prosperity and freedom from debt and poverty in their countries. They will then not need to be in debt to the International money powers forever. Indeed, love can prevail over all other forces lesser than itself, and it will, if put into action.

The supreme imperative of love is implemented through observing the Ten Commandments. For a nation to insist on removing the Ten Commandments from its schools and public squares is not a proper response to that imperative.

That Kind of Love is a Gift From Above

The Letter to the Corinthians tells us that the love powerful enough to do all this is a gift. That means, it comes from our heavenly Father. We need to ask for it from Him Who is supreme Love. That statement presupposes we have a relationship with our Creator. If we do not believe in Him, that is our own greatest poverty. We must then reconcile ourselves to living with violence, debt, and poverty and terrorism forever.

The Principal Root Cause of poverty and oppression is pointed out by Pope Pius XI in the encyclical *Quadragesimo Anno* (*On Reconstructing the Social Order*) as the "international imperialism of money" which he calls the "ultimate rejection of love in the economic life of nations.[1] Spurning the Ten Commandments is the ultimate rejection of love in all the other areas of a nation's life.

Summary by Fyodor Dostoevski

The great Russian novelist Fyodor Dostoevski provides the closing summary for this chapter.

> "At the sight of human sin, you stand perplexed: should you combat it by force or by humble love? Always decide, I will combat it with humble love. If you make up your mind about that once and for all, you can conquer the whole world. Loving humility is an awesome force; it is the strongest of all things and there is nothing like it."

Note:

1. For a detailed discussion of this subject, see Appendix 1 (A) where you will find a summary of the encyclical Progressio Populorum (On the Development of Nations). There Pope Paul VI defines and explains imperialism more fully.

A World Held Hostage By Debt

Chapter Two

The Gap Between
The Rich and The Poor

Who Are the Rich?

They are big bankers, industrialists, monopolists, shapers and shakers of society and world events. Most, if not all, are millionaires or billionaires. Some of them, like the Rothschilds, trace their family roots back several hundred years.

Many of these people actually believe that they are destined to redesign society. They all have this in common: They all want to keep the power to create and monetize debt forever. This debt-based money so created gives them the power to claim the natural resources of nations, such as oil and other exportable goods, if the nations cannot tax their citizens high enough to repay the debts and interest.

This makes the rich grow richer and richer and the poor poorer and poorer. The gap between them keeps on widening while the rich use their growing power, to control and dictate politics and policies of nations and tailor the world to their own ideologies.

Second, these elite have no misgivings about their own importance. As Secretary of State Henry A. Kissinger during the Ford administration said, quite seriously: “It's an awful feeling to get up in the morning and know that the destiny of the whole world rests on your shoulders and the decisions you make.”

Third, while at times there may be disagreement among the elite, in general they come to each other's support when their privileged position is threatened, as happened during their campaign to get the Federal Reserve Act passed during and prior to the Wilson administration.

There the apparent opposition to the Act was contrived to fool the ignorant public into thinking that if the Wall Street bankers were opposed to the Federal Reserve Act the people who had no love for them would vote for the Act and encourage their Congressmen to do the same. The truth was that the Wall Street Bankers were the ones who helped design the Act and wanted the Congress to vote for it.

The fourth area in which the elite agree is that the end justifies the means. It doesn't matter how we get what we want, so long as we get it. Did we see something like this in action when President Clinton got NAFTA approved?

The rich elite, then, are the land lords of the world. That is what they want to be forever, and they will resort to all manner of deception, bribery and intrigue, to keep anybody from taking that privilege away from them, or to regain it, if they should lose it. The two main examples of this that we have in American history took place during President Lincoln's administration and again in 1911-13.

The best estimates available, place the number of the elite at about three thousand families worldwide. Naturally, they have many followers, people whom they may reward generously for their support or just use and discard, as they did with Hamilton.

Can the Poor Stop the Rich From Widening the Gap?

We do not have the almost unlimited power of their privately created debt-based money that they have. They will continue to use this power to further spread the gap between rich and the poor. The chapters on money will show clearly how they do this.

The major power which citizens have is the power of their numbers acting in solidarity. That power must be reinforced with knowledge, prayer and learning how to use the knowledge. Chapters 21 and 22 will show us how ordinary poor are using these powers successfully.

The power of humble and persistent prayer will energize citizens with the courage, commitment, determination and patience they must have to win this battle against the ultimate rejection of love that the greed of "International Imperialism" inflicts on the world.

But prayer alone is not a substitute for involvement and action. We need to use the natural powers Providence endowed us with, our intelligence, knowledge and our numbers, and mobilize ourselves into an effective political solidarity. Specifics for that involvement will be found in the Chapter 24.

With over two billion people of this world going to bed hungry every night and 24,000 dying every day of hunger, the time has come for us the citizens of a democracy, to restore the sovereign power to create the money/credit to our government where it belongs. The legislative bodies of the world must be made aware of their responsibility to assume and use that power for the common good instead of permitting it to be used for the profits of the privileged few.

With great courage, determination, commitment, patience, working hand in hand in political solidarity we can prevail. The witness of our own American history proves that action by our legislators acting as individuals is ineffective and merely exposes them to the danger of losing their lives in the ensuing battle with the financial powers, in the absence of true solidarity.

Our responsibility is to act in political solidarity and avoid exposing our legislators to danger from those who will oppose them. This is the wisdom proposed by Pope John Paul II in his call for worldwide action in this area. Yunus Muhammad and the Grameen experiment are an example of how the poorest of the poor acted in solidarity to accomplish what they did. Their story is in Chapter 21. Chapter 22 features the Antigonish Movement and its accomplishments for the Canadian Maritime Provinces and society at large through cooperative solidarity.

Papal Insights on the Gap

Pope Leo XIII called attention to the gap between the few and the many for the first time in the encyclical *Rerum Novarum* ("On the Condition of the Working Classes"), published May 15, 1891. He identified the part played by money and banking in the impoverishment of the working classes.

"The mischief has been increased by rapacious usury, which, although more than once condemned by the Church, is nevertheless, still practiced by covetous and grasping men under a different guise, but with the like injustice.

To this must be added the concentration of so many branches of trade into the hands of a few individuals; so that a small number of very rich men have been able to lay upon the teeming masses of the laboring poor a yoke a little better than that of slavery itself (no.2)."

Pope Pius XI in the 1931 encyclical *Quadragesimo Anno* (*On Reconstrucing the Social Order*) noted that even though some improvements have been made in other ways, the gap between the few and the many had not narrowed in the forty years since Rerum Novarum. It continued to widen. This continuing growth of the gap is an indisputable fact. It is even presented by the media in their headlines and news stories. The popes have been teaching us that to remove economic injustice and the ever-widening gap between the rich and the poor, we have the obligation to remove the unjust structures that cause that. In a political environment like that of the United States, this means that the people must mobilize into a new solidarity that will be able to prevail against the power of money through effective and persistent political action.

The Root Causes of the Gap

Why is wealth increasingly concentrated in the hands of the few while poverty and deprivation extend to ever-increasing numbers of people throughout the world? What is that mysterious factor or evil structure that seems to have eluded our leaders for over a hundred years? Pope John Paul II in the 1991 encyclical *Centesimus Annus* (*One Hundredth Year*) speaks of the need for a stable currency as a condition necessary for healthy economic growth. The major evil structure he identifies is our money and debt systems. He leaves the subject for others to explore and examine in greater detail.

We saw in the previous chapter that Pope Pius XI also pointed out that the root cause of poverty and oppression is the "international imperialism of money." In the encyclical *Populorum Progressio* (*On the Development of Nations*), published March 26, 1967, Paul VI explained that the new industrialism, while good in itself, provided the occasion for certain "pernicious economic concepts to grow up along with it" and provided the environment for that imperialism (no. 26).

The Secret of the Elite

From the "megabankers" point of view, the combination of monetized debt, fractional reserves, and usurious interest is the key to unlimited riches and power. But this key to untold wealth by the few opens the door to exploiting the great masses of people and channeling the wealth they create into the hands of the few almost as fast as it is produced.

Money is a claim on wealth, as we shall see in chapter 5. Whoever has the power to create debt and make it into money will be able to claim and channel the wealth of the world to himself. That is how the few have been able to become the land lords of the world. Economists accepting this three-pronged key as a legitimate tool for use in banking and money creation will never find a just solution to our economic problems. It will continue to open the door to more debt and poverty and keep the world hostage to debt forever.

The economic power this key gives the elite is so great and so extensive that they are in virtual control of all 184 governments of the world that belong to International Monetary Fund and the World Bank. Therefore any government edict will inevitably favor them and their interests.

The history of the United States from colonial times on provides abundant proof for that statement. Sometimes the elite have had to fight to maintain their privileged position, but with their power over the creation of money they have always won in the end.

A World Held Hostage By Debt

Chapter Three

Microeconomics

Production, wealth, exchange economy, money, banking. fractional reserves, honest money, dishonest money, usury, interest, inflation, taxes, debits, credit, and legitimate sources of money and credit—how much does the average citizen know about those concepts commonly used in a discussion of economics? The term macroeconomics refers to the total economy of a nation or of the world. Microeconomics is the economics we follow in our own home, company, or community.

Before we can identify and understand the principles, forces, structures, that affect the total economy, we must identify them and understand how they function on the micro level. To do so, we will explore how the fortunes of one company affected the community where it did business. Then we can apply what we learn to the wider macroeconomy of the nation.

It is logical and valid to conclude that whatever effects we find coming from a particular cause on the local level, the same causes will have identical effects on the national or international level, multiplied many times both as to degree and extent, with much greater implications for the total economy.

This will be true whether the effects are positive or negative, contribute to a healthy and prosperous economy for the nation or to injustice and impoverishment of both individuals and communities. In Chapter Five we will see examples of how the consequences of certain causes as presented here, are in practice greatly expanded and intensified as the size of the economy increases.

The Frigo Brothers Story

Years ago, I had the good fortune of being a friend of an Italian immigrant who started a family business making specialty cheeses. Frigo Brothers cheeses were well-known throughout the country all the way from New York to Iron Mountain, Michigan, where the head office was located, and beyond. Pasquale Frigo, the entrepreneur, came from Italy with a good education in business and economics and was very eloquent when speaking about these two subjects.

One day when speaking about the causes of depression and business failures, he said to me, "We are not worried about depression in our family. We have a million pounds of cheeses in our warehouses. We take care of the cheese, and the cheese will take care of us."

The cheese factories, the whole business, the stock of cheese in its warehouses, the good will created in the marketplace, the investment in the enterprise, all represent the total *capital and assets* of the Frigo family enterprise doing business with the public.

Let's say that I am a dairy farmer, a producer of the original raw product used by the cheese factory. It has taken a lot of work and management on my part and that of my employees to build up an efficient and productive herd of dairy cattle. Every night and morning we have to feed and milk the herd, then cool and store the milk in a regulation stainless steel tank until the Frigo Brothers truck picks it up to bring to the factory. Daily production is about 625 gallons (five thousand pounds) a day. The cheese factory will use this to make five hundred pounds of cheese and other byproducts. But Frigo Brothers will give me ***credit*** on their books for what amounts to four hundred pounds of cheese as my return on my investment in the farm and herd and to offset my costs of production—labor, feed, taxes, insurance, and so on.

But what would I do with four hundred pounds of cheese for each delivery of milk? So I ask the company, and it gladly obliges, to give me that credit in 10-pound ***receipts, certificates, or bills of credit,*** forty such receipts for each shipment, redeemable by bearer.

This means that I can use these receipts in exchange for other goods I need. Any other holder of any number of these certificates can do likewise until they are finally honored by the cheese plant, no matter who presents them for redemption, by the actual delivery of ten pounds of cheese for each certificate.

In other words, my original ***earned credit*** has become money, ***a medium of exchange.*** I can use these bills for trading within the community, or I can save them, knowing that they are always redeemable at the plant for ten pounds of cheese each. I'll have cheese for my family to last a lifetime. Here, then, we have a rudimentary but sound and stable money system backed by honest productive labor and business. I need not be afraid that this money will lose its value so long as the corporation is conducting an honest business. There will be no inflation to depreciate the value of this money because no bills of credit are issued unless there are ten pounds of cheese in stock for each bill.

No bearer of these bills will receive any less value in cheese than ten pounds. This is stable, honest money. Besides being receipts for value received, the bills are also *claims* on the same value. They are all in units of ten pounds of cheese. Production and services of value have been **divided into practical units**. This is what money is supposed to be.

If I have enough of these certificates I can lend them to some ***entrepreneur*** who may want to start a pizza place or some other enterprise using cheese, or any other business for that matter, because at least in this community they can be exchanged for any other goods or services. This could be either a ***loan*** for an agreed-upon ***interest*** or an ***investment*** in the new business, sharing in the risks and hoped-for profits, maybe also in the management.

I get 40 bills of credit for each day's production. So does each of the other 499 dairy farmers in the community served by this factory. To keep the analogy simple, let us assume they each produce an equal amount of milk and each receives 40 of the same kind of bills of credit, each entitling the bearer to ten pounds of cheese at the Frigo Brothers plant. This means that every day the corporation issues 20,000 bills of credit, or 600,000 every month. They represent the ***liability*** of the corporation to honor each bill with the delivery of ten pounds of cheese when presented by the bearer.

But man cannot live on cheese alone. These farmers have many other needs. They use the bills of credit freely in the community as a ***medium of exchange*** for other goods and services. The bills are accepted because the corporation is part of the community, provides employment for many of its residents, and honors its commitments. So whether every person cares for cheese or not, everybody knows that eventually there will be bearers of the bills who use cheese and will redeem them at the corporation plant.

So everybody in the community accepts these bills as money in an *exchange economy*. Even outside of the community there are people who accept these bills as money, especially if they like cheese. They know that this is ***honest money*** because it is backed up by ***value*** produced by the corporation and farmers. This is money, based on a *commodity,* namely cheese. produced within this community of farmers. It is one step above a *barter economy*.

Other peoples around the world, including early American colonists, used other commodities as a base for their money as they moved into exchange economies. The merchants who entered international trade in the centuries of what Adam Smith in *Wealth of the Nations* called "mercantilism," settled upon and promoted the commodities of gold and silver as money.

The trouble with using any commodity as a base for money, especially gold and silver, is that it is easy for shrewd and clever people to gain a ***monopoly ownership and control*** of that commodity and therefore of the money system based on it. Having control of such a money system gives them the power to control a nation's economy and eventually the whole nation.

Thus far in this analogy we have presented the concept of money as an honest medium of exchange and a stable storage of wealth, as a receipt for value given and a claim on the same value to be called for in the future. It is honest money because there is real and honest value backing it. These are the ABCs of good and honest economics.

But this is ***not*** the kind of money we have in our society today, with few exceptions. Our current money system incorporates new ideas, some of them advantageous, making it easier for people to use money. Unfortunately, it also makes it easier for a few people to become very wealthy at the expense of the rest of the citizens, many of whom end up in poverty. Subsequent chapters will develop these concepts further.

The Frigo Brothers Story Projected Into the Future

Let us project the Frigo Brothers story into the future to see what else we can learn from the micro-economy of this small community. Let's say the family cheese business has been conducted honestly and in a businesslike way for several years. It has prospered and the community has thrived along with it, using the bills of credit as its money to move goods and services in trade. There were now twenty-five million bills in circulation.

It so happens, as it often does whenever money is involved, that a couple of persons, who were less concerned with honesty than with getting rich, contrived to find an easier way to cash in on the thriving economy of this community than by starting a productive business. They did not own a cheese factory to compete with Frigo Brothers, but they were very adept with a printing press. They decided to counterfeit the bills that were in circulation as money. They did such a good job that their receipts could not be distinguished from the original ones. Gradually they put this money into circulation. They did it by lending their "dishonest bills" to people in the community.

There was now more money in the community, and the economy started to heat up. Money was lent freely because there was plenty of it, so more people borrowed the bills of credit from these "self-made bankers" to start new businesses. Services expanded. Everybody was happy. More and more people were coming to Frigo Brothers with their receipts. Each was a claim on ten pounds of cheese, as well as on anything else in the exchange economy of the community.

The company, as an honest operation, honored them all, not knowing that many of these bills were counterfeit, not backed up by production of value. They were claims, but never had been receipts. Soon the family realized that something strange was happening. It was rapidly depleting not only its current production of cheese but its inventory as well.

The company's board of directors was in a predicament, bordering on panic. This had never happened before. The board realized that if the company continued to redeem all the receipts coming in, the business would be ruined and it would have to close the plant. So the board decided to stave off that prospect as best it could. It leveled with the public by explaining that what was happening was an unusual situation that it did not fully understand. The board then announced that in order to save the business, the company must now ask for two bills for each delivery of ten pounds of cheese. This would be in effect until the situation cleared up or a better solution was found.

This was ***inflation***, first of all, of the ***money supply,*** which was expanded by people who created claims on what somebody else produced. These people who ***counterfeited*** new claims did not bring any milk to be processed by the company into cheese with which to redeem them. Of course, this was stealing, depleting the warehouses without putting anything in them. It forced the company to ask for two claims for each ten pounds it tried to deliver.

This was ***price inflation***, which soon spread to the rest of the economy. The issue of money unsupported by value is the principle cause of ***inflation***. In a nation's macro-economy there can be other temporary shortages for other reasons. The people of the community, however, did not understand what was happening, and did not accept the company's explanation. Instead, they blamed the company for being greedy and raising prices. Fear took over and people redeemed their bills even at the higher price, making matters worse. So that the company had to raise the price again and again. Eventually the business went *bankrupt*, of course, and the plant had to close.

Now the farmers had no market for their milk, and there was no one to redeem the remaining certificates. The group that was out for fast and easy money kept out of the public view. In the end, however, even they found their money had no value. The microeconomy of this community was now in a *depression*.

This is an authentic presentation of what happens in the macro-economy of a nation, but on a bigger scale. The causes today are more sophisticated, but the effects are the same. The results are more devastating when they affect a whole nation, worse yet when the world economies are involved.

Nine Principles of Economics
the Story Helps Us Understand

1. The exchange of wealth, goods, and services is the basis of all economics.

2. Money is the medium of exchange in any economy that has developed beyond the barter stage.

3. Money is therefore a crucial element in the economy of any nation. The health of its economy is very much dependent on the honesty of its money. Anything a community chooses to use as a symbol of the value

of its wealth, goods, and services that can be divided into convenient units for use in the exchange of those goods can be used as money.

4. As a symbol of the value of goods or services, money can serve several functions. It can be a receipt for value received, and in the hands of its bearer be a claim on such value. It can provide a storage of value saved for future use ***if the unit has a stable value maintained by the issuing authority***. It can also be a credit for future production of value.

5. Whatever other function money may have in a given case, it is always a claim on goods or other wealth. The issue of money by an individual or corporation that is not a receipt for value enables the issuers of money to claim wealth produced by others. This makes them rich without having produced value. The people who produce value in an exchange economy, but do not receive an adequate wage with which to claim an equitable share of what is produced will be impoverished.

6. An adequate amount of money in a nation promotes a prosperous economy.

7. Very important is the principle that the amount of money in circulation must be in balance with actual economic goods in existence or at least in committed and scheduled production. This balance will give stable value to all the money or bills of credit issued. An excess of money in proportion to the exchangeable goods and sevices available will cause inflation. Too little money in the economy will fail to move goods and make the economy sluggish or bring on a recession. In any nation this balance must be maintained in a professional manner. (How this can be done is treated in chapter 23).

8. Money and credit should never be created by private individuals who have no economic goods to give it value. In our example we saw that this is counterfeiting or stealing. It causes cycles of inflation and

depression, and distorts the economy.

9. The difference between honest money and dishonest money is not obvious; looking at it doesn't reveal which is which. We know whether our money is honest or not by knowing how we got it.

Chapter Four

Honest! This Is Money

Most people have no idea what money really is, how it comes into being, how it affects problems, where it comes from, what it's supposed to do in a nation's economy, how it happens that government debt becomes the nation's money, why the government has to borrow, or where the people it borrows from get it.

Knowledge of Money Is Indispensable

Because money is of such paramount importance in an exchange economy and impacts on all economic, social, and moral issues, we will devote a lot of space to developing a good understanding of its meaning and nature. This will be done gradually, out of regard for the average citizen, who has been taught that this subject is beyond his or her capacity to understand and must better be left to the “experts.”

These experts are the great financiers, and their coterie of economists who serve them well with their many theories. When the average citizen hears that, he/she becomes confused and afraid to try to learn the truth.

Even most of our leaders, legislators, and highest executives have failed to learn the very the basics about money. This makes them incompetent to deal with the nation's economy and to find a solution for poverty, unemployment, and other economic problems. The most they can talk about is temporary palliatives.

The Real Experts
From Whom We Learn

Looking back at history and recalling the significant statements made by the "banking fraternity," as its members call themselves, we note that they have revealed their deep and very practical understanding of the nature of money and its many functions. They are the real authorities. Money is the center of their lives. They are the people who understand its true nature and how to use it to their own advantage. They, rather than the theoretical writers and proponents of various ideologies, are the practical experts who are our teachers in this book.

But in studying what the members of the "banking fraternity" said and did about money at various stages of our financial history we also learn their ambitions and efforts, often devious and deceitful, to acquire the power to create and control the money systems of nations.

The Facts about Honest Money

If we are working for a daily or weekly wage, we give up so many hours of our time, and so much of our physical and mental energy to produce something useful or valuable to society. Society acknowledges our contribution by giving us a *receipt* or some other form of *credit* for our services. This receipt in turn gives us a *claim* that entitles us or any other holder in a developed exchange economy to receive somebody else's contribution. This receipt or claim is also a promise assuring us that we will receive a value reasonably close to the value we contributed to society. This is the function of honest money.

But it is only society, represented by its government, that has the sovereign power to *tax* its citizens and oblige them to create value that will assure the holders of these receipts that they will be honored with delivery of value. This sovereign function of government is especially important when we speak of credit for *future* production. Both the receipts or credits received for value already in existence and the credit issued to enable future production serve as honest money, so long as the credit is issued by the community's government.

This definition of money has been the way honest people understood money throughout history. It is the official definition acknowledged in England in the “Mixt Money Decision.”[1]

People have always expected to receive value in return for their services to society; the money they earn is a claim to that value. However, this does *not* explain money as it exists today in the economies of almost all the nations of the world. Over 90 percent of all money today is not honest money at its point of origin. The money we in the United States have today, for example, has been created by the Federal Reserve banking system.

First, it creates a debt when it lends money to the U.S. Treasury and collects a bond for the amount. The Federal Reserve doesn’t have the money to lend. It montetizes the debt, making it money. That is why it’s called debt-based money, based on the government debt just created by issuing the bonds.

At that point nobody in society has received any value. The tax payers have to work and earn the money for the taxes the government needs with which to repay the loan plus interest to the banks. Then there will be the value produced by the taxpayers added to the nation’s economy.

It’s the same when you borrow money from your commercial bank. The bank gives you a credit on its books, but doesn’t add anything of value to you or anybody else. You create the value when earn the money with which you can repay your loan and interest to the bank. The money that is earned by you for the bank and by the taxpayers for the government to pay interest with has never been created. When you and the taxpayers earned it, it had to come out of the volume of money in circulation, depressing the economy.

Before you earned it the money has been a claim on value that has never been a receipt. The only exception to this borrowing is when we borrow from a Credit Union. There we borrow money that has already been earned by the depositors.

When you deposit money with the commercial bank, it's no longer yours. It becomes part of the business. You will receive credit to write checks against your credit and some cash when you want it, so long as the bank is in a sound financial condition. But the bank is there as a business that will profit from the use of your money used as fractional reserves enabling the bank to create and lend at interest roughly ten times the amount of money you deposited.

It's like the banking system coming to pot luck suppers again and again without ever bringing a dish. Naturally, there will be less food for the rest of the people coming for supper and bringing dishes to share. This is what our present debt-based money system is doing to the nation's economy. It is presenting more plates (claims) for food than there is food on the table (wealth in the economy). Everybody gets smaller portions, while some people take something for nothing. If this sounds like the counterfeiting described in the Frigo Brothers story, it is. Private creation of money has allowed some people to become lords of the world. It is the major cause of inflation.

Counterfeiting Approved by Congress, Not by our Constitution

In our early American history the power of creating money was exercised by the individual sovereign colonies, although not without interference from England (as we shall see in the chapter on that subject). To become states in the new nation, the colonies surrendered that power to the new government for the sake of unity, a truly patriotic gesture. It was a consolidation of their individual states' rights to be used now by the Congress of the new sovereign nation.

To assure that this would be done, the founders of the country embodied that provision in the Constitution: "The Congress shall have power to coin money, regulate the value thereof, and of foreign coin, and to fix the standard of weights and measures" (Art I, Sect 8, Clause 5). Clause 6 adds: "To provide for the punishment of counterfeiting the securities and current coin of the United States." Section 10 of the same article confirms the fact that the states had relinquished the exercise of sovereignty along with the power to create money by forbidding them to continue to use that power. Clause 1 says, "No State shall . . . coin money; emit bills of credit." For any state to coin or issue bills of credit would be counterfeiting, punishable by the provisions of Section 8, Clause 6.

If coining money and issuing bills of credits by the states is unconstitutional counterfeiting and forbidden, how can it be constitutional for a private citizens or banking corporations to do so? It was a foregone conclusion that it would clearly be counterfeiting for them also, but Congress has been maneuvered into just such a clearly unconstitutional surrender of this sovereign power to the bankers.

There has been some quibbling about the meaning of the phrase "to coin money." To an honest person not intent on manipulating, this is simply a generic use of the word "coin" to mean "create" the money of the realm. This is evident from the repeated use of the word "counterfeit" which means the illegal creation of money.

Private banks now create our money and credit, but they do not have the taxing authority necessary to maintain its value which the Constitution obliges and enables only Congress to do. Nor do they have anything of value to give for those promises to holders. That is not honest, but it is the only money we have now. The lords of the world now manipulate the money supply as they create it, thus rocking the whole economy of a nation back and forth between depression and inflation.

Periodically they shake out for themselves the value created by the productive sectors during prosperous times by contracting the money supply, causing a depression. A depression enables them to pick up the wealth by foreclosures with subsequent purchases at bargain prices.What a " skin game!"
This procedure gives them more and more power over the citizens and widens the gap between the rich and the poor.

Thus the private banking interests, not Congress, regulate the value of the dollar. The dollar now will buy less with each ensuing year. The author bought his first used car for $250.00 in 1938. That same car calculated for the value of the dollar in 2002 would cost $3200.35. This is not just exploitation, it is plunder, as some of their own people admit in their more humane moments.

We are not condemning small local community bankers. They are trying to serve their communities within a system of faulty and unjust fractional reserve structures. Of course they do reap the gains for themselves that go with the system.

What Can be Used as Money?

Anything that is convenient and can be divided and/or counted as a measure of a definite value placed on the fruits of production or services rendered can be used as honest money, so long as certain conditions are met. These conditions are spelled out in detail in chapter 23.

It can be a piece of metal like copper, silver, or gold; individual pearls, diamonds, or clamshells; or a piece of paper, as first used by the Chinese. The thing used need not have any intrinsic value. If it does, it may have a commodity value in addition to its value as money. The commodity value and the money value are seldom the same. Ninety-nine percent of the money used in the American exchange economy has been pieces of paper, either personal and business checks or Federal Reserve notes, with different figures on them counting the values in terms of dollars and cents. Now, even paper is not necessary. Billions of dollars are transferred electronically across the oceans or by satellite every day. Only the figures representing the debits and credits complete the transactions.

The Power of Money

In the history of humankind there have always been people with a lust for power over others, people who wanted to be lords, with others working for them. The historical chapters about the origin of our debt-based money system and about money in the thirteen colonies show how the power struggle has been going on for centuries. This struggle has grown in intensity and scope with the increased opportunities that present themselves with the growth and development of new nations and civilizations.

The quickest and most efficient way to gain power over others and become lords of the world is to gain control of their means of sustenance, the production of goods. Those who create and monetize debt [3] gain and exercise that control by lending this debt-based money for buyouts and monopolies and other so-called investments. Control over economic goods—their production, distribution—and services, and consequently over the people who depend on those goods and services for their livelihood is the first awesome power of debt-based money.

Money Creates Public Opinion

Great as is their power over the economy of a nation, the financial elite, the major industrialists, politicians, leaders of nations, special interests and ideologists, the directors and anchor people of the major media are molders of public opinion. Thus exert an influence on all other areas of a nation's life. By means of the media owned by them and at their service, they control virtually everything that goes on in the world. Wars are declared, sanctions imposed, presidents and legislators elected or deposed, laws enacted or repealed, secularism imposed on our society and into the education of our youth, innocent people unjustly imprisoned, aberrant sexuality and violence promoted. All this is happening to suit the agenda of these lords of the world.

Baron Meyer Amschel Rothschild, founder of the international banking house of Rothschild, in a letter dated June 25, 1863, to induce his banker friends to vote for the Bank Act of 1863, wrote, "Permit me to control the money of a nation, and I care not who makes its laws."[4] This power over the economy and of public opinion in the hands of the lords of the world presents the citizens of every nation with an almost invincible obstacle to a victory over unjust and immoral structures in society.

Abraham Lincoln learned the hard way that "public opinion is everything. With it nothing can fail; without it, nothing can succeed." Those are his words after he failed to get the support of Congress in his struggle for financial reform in 1863.

How Public Opinion is Being Molded

Newspapers, periodicals, and electronic media are meant to be primarily news-reporting businesses that today are highly technical and sophisticated operations. In general, they try to touch all areas in which they believe their readers might be interested. Their primary objectives are to attract as many readers as possible; to serve the ideologies or agenda of their editors, publishers, and advertisers; and to be a profitable business for their investors.

All the media are effective vehicles of information and are used for molding public opinion and directing it toward certain objectives, some praiseworthy, others not. Problems with the media arise when the major news services and networks (the "establishment" press) must serve the policies and directives of their owners and investors— the elite mentioned above. Practically all of those lords are members of the Council on Foreign Relations. This CFR determines what is to be "news" and what is to be withheld from the pubic, and what "bias" is to be given to what is published.

Media Bias

There has been considerable furor in the press during (2001-2002) over a book under the title of "Bias:" An Insider Exposes how the Media Distort the News written by Bernard Goldberg, a reporter and producer for CBS for three decades. The author of this book has not read the book. But it is no longer such a big secret that the Media are biased.

Any intelligent reader can learn that for him/herself. Moreover, we can learn what the biases are from the organization that has been created to promote them. The Council on Foreign Relations is the sister organization of the Bilderbergers and Trilaterals. It has been entrusted by these two entities with the task of softening public opinion in favor of the biases and decisions created by the these two organizations. Their membership rolls are highly selective and restricted, and their meetings held in secret locations under high security, not open to the press, or only under the pledge of secrecy.

The Council of Foreign Relations, on the other hand, is no longer that secret. It has a membership of about 3000, which it publishes freely. You can find the whole list on its Web Page. It will even oblige you by telling you which members belong to the “most elite” and influential group. By reading its magazine, the CFR Forum you can learn what all the biases are that the media are supposed to promote. The CFR is now emboldened by its discovery that American public opinion is not that difficult to soften towards all its liberal, anti-religious, and godless bias.

Examples of How Biases Are Imposed On Society

1. History books used in schools have been revised to withhold truth and information from the public that it needs to understand how the financial interests have worked throughout American history to control the nation.

2. After 1913, critical references or information about the Federal Reserve money system and its operations that would endanger private money creation or the use of fractional reserve banking are simply not permitted to any significant extent. Such “protective” action was requested by Paul Warburg, the chief architect of the Federal Reserve system.

3. When politicians particularly vocal in trying to change or even amend the existing system, or call for accountability or a report of any kind from the “independent” Federal Reserve Board, are up for election or reelection, millions of dollars will be thrown in for the election of the

"politically correct" opponents. Some great legislators have lost office that way.

The Bilderberger meeting in 1991[5] in Baden-Baden, Germany, picked Bill Clinton as the nominee for the American president before the primary elections. In 1995 in support of his reelection, at the meeting at Burgenstock, Switzerland, David Rockefeller said, "Never, not once, has Bill disappointed us." Another person in the group said, "We have to do something to save him." And Henry Kissinger chimed in, "Whatever the price .." The man they were afraid of was Pat Buchanan; they decided to do everything to stop him from being nominated.

American journalists were at the meeting: Peter Jennings, ABC's anchor; Thomas Friedman of the *New York Times*; Peter Kann of the *Wall Street Journal*. Yet the citizens never heard anything about this meeting from the network media. Why? A Swiss journalist managed to penetrate the meeting for the Swiss paper *Basler Zeitung*, which carried the story in its June 9, 1995, edition (as did many other European papers). James P. Tucker, Jr., a reporter from the U.S. weekly *Spotlight*, worked in tandem with the Swiss journalist and *Spotlight* was the only paper to cover the story in the United States. It is no coincidence that the network media hated and finally destroyed the *Spotlight*.

4. Where banking or other monopoly interests are concerned, such as NAFTA (North American Free Trade Agreement) or GATT (General Agreement on Tariffs and Trade), the media will be alerted that it is in their interests to support the bill (or oppose it if that is what the banking interests want). Advertising and credit will be denied if they don't take the "correct" position. This is not something new. It was the procedure used extensively in the banking fraternity's drive for the Banking Act of 1863.[6]

5. Legislators who oppose the desired action are smeared by a

campaign of name calling, labeling, and working on people's fears of what will happen if they are elected. If it becomes necessary to retract any statement, the retraction is hidden in small print on some inside page. The image and the emotions desired remain in the public mind and consciousness. The retraction won't matter; the person's reputation will have been destroyed, and he or she will either fail to be confirmed or will give up the effort.

6. The media will emphasize the advantages of the bill, but never say who will benefit or why, never quote the whole wording of the bill. Opposing views will not find their way into print or the air.

7. The media will slant the news with adjectives and cartoons to get their point of view across. Calling opponents “extremists,” “anti-Semitic”, “anti-abortion”, (never pro-life) “leftist”, “fascist”, “liberal”, “conservative” are some of their favored terms. They never define the label or give reasons for the label. They know that people tend to accept the label because they "read it in the paper" or “heard it on the news.” Such name-calling should be an immediate alert that what is being presented is propaganda, not news.

8. All the foregoing strategies for molding and manipulating public opinion appear in Hitler's *Mein Kampf*. These methods worked for Hitler; they still work. To make the procedures more efficient and the outcome more predictable, the media use polls. They slant the questions and the way they report the results. They “turn on the heat” where it's needed, then take another poll to see if the temperature is going their way.

Monetarism

The winner of the Nobel Prize for economics in 1976, Milton Friedman, is credited with the origin and promotion of the theory of *monetarism*. With its advent on the national scene starting as early as the 1960s, money itself became the central factor in United States economic policy. Monetarism said that the management of money alone would provide the solution to our economic problems. Financiers, politicians, economists, and the central banks started arguing about aspects of the theory and experimenting with them.

From the perspective of society as a whole, however, monetarism is a disease. Once it gets into the nation's blood, it is almost impossible to cure or eradicate. It feeds on human greed and lust for power and influence. It uses money as a claim on goods and wealth without giving anything in return. That greed is promoted even by civil authorities and civic organizations, who should know better, until it consumes the total personality of more and more people.

The virus was around long before Milton Friedman. For those infected with it, that is, just about everybody in our modern secular society, money is everything. It is the center of peoples' lives, the goal of all their striving. *How* they get it, for too many people, is secondary. In fact, they don't even give a passing thought to the morality involved. All they know is that money gives them power and a claim on what others have produced.

Add this obsession with money to the creation of money by a private banking system afflicted with the same disease and the result is a perfect formula for widening the gap between the few who amass ever greater wealth and the ever increasing number of the poor. Just so that this does not sound out of touch with reality, witness two areas where the disease of monetarism has gone wild most recently.

In our society at large we see casinos and lotteries and TV games being promoted by government and advertising agencies all around us.

They constantly inject more and more of the virus of monetarism into society. With the promise of instant millions in the lotteries, they cultivate the mentality that with luck a person can gain something—in almost un-imagined amounts—for nothing.

In the financial fraternity the monetarist epidemic has gone out of control with the manipulations of newly invented financial instruments called *currency derivatives*. By speculating in these derivatives and manipulating them, international financiers have shown that they are able to destroy the currency of any nation at will almost overnight. New York speculator George Soros, who first targeted the English pound, made over one billion dollars overnight, then boasted that he would go after the German mark. Even members of the New Aristocracy in Europe are alarmed by what Soros and speculators like him are doing to the European monetary systems, destroying the stability of their currencies. In early August 1993, French, German, and Italian banks showed a great deal of concern about the threat that this was to their currencies.

According to a June 8, 1995, report in the *London Financial Times*, as of the end of the first quarter of 1995 speculation is more rampant than ever, with U.S. Banks profiting by $11 billion from derivatives sold as investments to public institutions (and causing them huge losses). At the meeting in Halifax the big seven industrial nations took only token action against this speculation. The whole financial community is sitting on a powder keg—and knows it.

Bankers Trust New York Corp. has discovered trading in derivatives as a very efficient and quick way to plunder industries as well as currencies. This is just the tip of the iceberg of what is going on today in a society infected with monetarism.

An editorial in the August 2, 1993, issue of the *London Guardian* had this to say about the looting of currencies: “Europe must take the lead in persuading the rest of the world to take on the international speculators. Far too much profit is being made these days out of playing with money rather than from making things. The *daily* turnover of the foreign currency exchanges approaches a trillion dollars, only a part of which is linked directly to trade deals."

Money obtained by manipulating a nation's currency without producing wealth in return is simply dishonest money. It is counterfeit and those who create it are thieves. On the vast scale that it's now being done, it plunders a nation's wealth and economy. Only a part of the daily one trillion dollars in foreign currency exchanges was "directly linked to trade deals." How big of a part was it? Dr. Norbert Walter, chief economist of the German bank, Deutche Bank, told a Frankfurt newspaper on August 8, 1993, that only about 3 percent of that amount was tied to trade in real goods. Ninety-seven percent was in transactions that played with the moneys of the nations involved, siphoning off real wealth to holders of financial paper, like George Soros, paper that gave them the right to claim goods for themselves that others have produced.

By the end of 1994 it was reported that Orange County, California, lost over two billion dollars by "investing" in derivatives promoted by the bankers' trading institutions. The prospect of bankruptcy forced layoffs and higher taxes on the residents. At the same time, there were repercussions throughout the financial markets of the nation. Such losses also have been reported on a smaller scale, bankrupting the budgets of school boards and political entities across the whole country. With trading in derivatives placed at over thirty-seven trillion dollars, paper laying claims to that much value far exceeds the value of the assets of the whole nation. Banking interests have at last discovered the ultimate tool for the plunder of the economies of all the nations of the world.

It appears that the financial banking structures of the whole world are fearful of destroying themselves. A major national example is the case of Mexico, with its 1995 devaluation of the peso during the closing days of December 1994. The big U.S. banks loaded Mexico with debt that was beyond its ability to handle, and then siphoned off Mexico's resources for the bonds.[7] This resulted not only in the decline of true wages for its citizens and higher prices for goods consumers have to buy, but in the loss of $40 billion dollars of American taxpayers' money through the Federal Reserve system. The winners? Citi-Bank of New York and other big banks, which profited in the billions. The losers? The Mexican economy, American taxpayers, and, most of all, Mexican workers, who must work harder to survive.

It does not take much reflection or imagination to see that monetarism creates poverty in those who produce wealth and riches for the few who own and control the financial **J** paper. It is sophisticated stealing of the fruits of the labor of honest, hardworking people. Monetaristic greed is at the bottom of the breakdown of all moral sense and responsibility and at the root of all economic and social evils.

Notes:

1. Refer to Chapter 7 where financial historian Del Mar gives the text of the full decision.
2. Those conditions are spelled out in detail in Chapter 23 below. A complete plan for establishing an honest money and banking system is presented in Chapter 23.
3. Debt-based money is explained in Chapter 5
4. We shall see both of these quotations again in Chapter 12 in the context in which they were originally made, along with a longer letter as an example of how the money powers in that situation were controlling the media of the day.
5. See Chapter 9
6. See Chapter 11

7. President Clinton openly stated that Mexico has lots of oil to use as collateral for “bailing them out.”

A World Held Hostage By Debt

Chapter Five

The Origins of Legalized Debt-Based Money and Banking

Banking has its origins in antiquity. There have always been banks, even in marginally civilized nations, as long as there has been some kind of an exchange economy. Banks can and do serve useful functions in the economic development of nations, if honesty and a service motive prevail. But they can also create poverty and economic enslavement if they become almost exclusively industries with profit as the predominant motive.

There were banks in other nations when merchants started the Bank of England. Nonetheless, it was that bank that developed ways of using money to make unprecedented profits for its owners while throwing whole nations into the slavery of perpetual debt and their citizens into never-ending poverty.

Local Bankers and the Debt-Based Money System

Many, no doubt, are not even aware that the debt-based money system within which banking became an industry is dishonest by its very nature.

The creation of money by the private issuance of credit and lending it to a nation and its citizens, when that money is not backed by honest value, cannot be honest, no matter how honestly individual bankers give their services. It's a global version of the Frigo Brothers (chapter3) and their counterfeiting competitors who issued receipts and claims on cheese they did not produce. (Frigo Brothers micro-economics magnified millions of times.) The dishonest nature of the system introduced by the greedy and dishonest London merchants and bankers will be evident when we study its origins.

The Bank of England

The credit, or blame, for planting the seed which sprouted as the Bank of England, belongs to William III, prince of Orange and sovereign ruler of England, Scotland, and Ireland, jointly with Mary II. This Bank has grown into the international banking monopoly that virtually controls the economies of 184 nations. Here is the story.

A company of the rich merchants had under their control large stocks of gold and silver. Some was their own, and some had been deposited with them for safekeeping. Safekeeping and lending deposited funds are what banks were for, so quite logically the group called itself the Bank of England. It could use that name because the members, together with their European banker friends, had control of virtually all the gold and silver. This was promoted as money by the Rothschild family. To enhance their profits, the bankers had been creating ten receipts for each ounce the gold deposited. One receipt would go to the depositor, the other nine would be loaned out at interest payable in gold.

If all the holders of receipts presented their claims at the same time, they would find that there was only one ounce of gold in "reserve." Either the first one could get the whole ounce and the other nine nothing, or all ten could get just one tenth of an ounce. Yet the bankers collected interest on each of the nine receipts loaned out as if it were good for a whole ounce of gold. Charging 10% interest gave them 90% interest or almost another new ounce of gold earned for them by each original ounce deposited. It increased the bankers' deposited stock of gold by 90% every year.

But wait! The story doesn’t end there. After paying the interest on the receipts for one ounce of gold, the nine borrowers would still owe the principal. Somehow they would have to earn the gold with which to repay both the loan and interest.

When the nine loans were repaid, each with a full ounce of gold, the bankers would have another 900 percent profit on the original ounce. Granting that all loans were repaid at the end of one year, that would be 990 percent profit in just one year. This is basically what today we call fractional reserves.

Can you think of a better way to gain power and mastery over others? It's far more certain than a modern lottery. But it cannot be called honest. They had discovered that depositors seldom claimed their gold. It was much handier for people to use the paper receipts to carry on business. So they managed to hide their dishonest practice from unsuspecting depositors. Besides being dishonest, this banking practice was also illegal. The bankers certainly didn't want to get caught and be prosecuted as criminals. They weren't worried about the morality of their practice, just the legality. So in 1694 they developed a scheme to legalize what they were doing.

They knew that William III didn't want the Stuarts to return to the throne. To defend against that possibility, he needed to raise an army. And to raise an army he needed money. The British crown as sovereign authority had the power to create the money of the nation. But earlier the merchants and bankers, under the leadership of Amschel Rothschild and his family, arranged to make gold (and silver to some small extent occasionally) the only acceptable money. They persuaded William and other rulers to accept that as valid money, although none of the Rothchilds had any sovereign authority to determine what should be used as money. But King William didn't have enough gold or silver to raise an army. The only gold his government had was enough for the immediate needs of the government itself.

William III's need for funds for an army provided a perfect opportunity for the Bank of England to force him to legalize its dishonest practices. So, under the leadership of William Patterson, the Bank offered William III a loan of 1,200,000 pounds at 8 percent interest, on the condition that it be given the right to issue banknotes to the full extent of its capital.

This would mean that the Bank would lend the government 1,200,000 pounds in gold and silver. In return, besides interest on that gold, it obtained the right to issue bank notes as claims on the same gold and silver loaned to the government for raising an army. It could also lend out those notes and collect interest on them.

How did this work? First, the definition of capital changed with each step in the money-creating business. Initially it meant the 1,200,000 pounds—true value. After the value was loaned, the Bank no longer had it. Capital now included the paper notes the Bank issued- no value to back them. That money, plus its bonds from the government, plus whatever other gold it had, constituted its total new capital. On the basis of this new capital, the Bank could issue still more notes, again increasing its so-called capital (but not its value).

Eventually, of course, the government would have to repay the loan in full, plus the 8 percent interest, in gold and silver. Where would the government get that gold and silver after it had used the loan to provide for the army? That was not the concern of the Bank. The government would either have to borrow it from somewhere or tax its subjects.

This was the first government debt to bankers used as a Basis for money. From this time on banks, not the government, would create money and that money would be based on debt (government bonds), not on value. The Bank of England was now the creditor and the real sovereign power; the government was the debtor, subjected to the Bank's orders.

To repeat, what was the backing for the Bank's issue of new money? It was the debt that William III owed to the Bank. That money was as good as the gold, the people were told. But the government no longer had the gold, because it used it for the purpose for which it had borrowed it. Now the value all depended on the government's power and ability to tax the citizens, who would have to pay the taxes in gold. Here we have the beginning of ever-increasing levels of taxation to ensure the payment of interest on ever-growing government debt. These taxes are necessary to support the growth and profits of a private banking system issuing its bank notes as money, based on debt.

After lending the government of William III the 1,200,000 pounds, the Bank still had 36,000 pounds in gold left. Using that as a reserve it issued 550,000 pounds more in bank notes resuming the practice of lending ten times of what it had on deposit, only this time the Bank increased the ratio from ten to slightly over fifteen times. The practice had been legalized when the Bank was given authority to issue its own notes as money, based both on its gold and on the government debt. The Bank, now in control of the creation of money, felt secure in doing this. This additional money in its own notes gave it more power over the nation's economy. By 1696 it had added 1,750,000 pounds of its own notes to the volume of money in the nation. England was now the first nation held hostage by its own debt.

There You Have It

A national debt **for the Government**, taxes **for the Citizens,** and unlimited money-creating power of debt-based money **for the Bankers.**

They needed that to be able to create more and more **debt** through their 173 central banks. That **total debt** now holds the whole world of 184 nations hostage, including the United States. The only differences are the sizes of the debts and taxes and the names of the banks.

These are eye-opening revelations for most people and are kept from them intentionally. They will become clearer as we read chapters 7, 13, 14, 15, and 16.

More on What Happened in 1694

By seeking the right to create money from William III, the Bank of England and the bankers acknowledged that this right belonged to him as a sovereign, in the name of all the people. Now the bankers were the sovereign power, with a rich source of income as lenders and with the power to manipulate the volume of money. By stimulating monetary inflation and production of wealth and then contracting the volume of money to cause depressions, they could amass huge fortunes for themselves at bargain prices.

This ever-increasing wealth gave them greater and greater power over the politics and economies of their nation and eventually of the world. By debt they hold the world hostage to their designs for a One World Dictatorship in which all nations will lose their sovereignty, freedoms, and rights as human beings. They are getting there fast. When our citizens wake up they may find themselves there. It happened in Poland when the 95% of good Christian people were asleep while 5% who were communists went to the polls and created a communist dictatorship under which the nation suffered for the next 40 years.

In the meantime the ordinary citizens were unaware of what had happened in England. After all, the bank was called the Bank of England. They trusted Mother England, a fact the bankers relied upon.

Citizens were just pawns in the game.

This whole chapter can be summed up in the words of Psalm 94, verse 20, written about three thousand years ago. It originally was meant for judges, but applies equally well to our debt-based money system: “They do injustice under cover of law.”

The basic principles we learn from this episode in the history of the Bank of England and the European central banks are:

1. The creation of money by private banks laid the foundation for making banking an industry.

2. A money system based on government borrowing from private banks is a debt-based money system.

3. Debt-based money system uses the taxing power of the government to repay the principal and interest on the debt.

4. A private debt-based money system subordinates the nation's economy to its manipulations of inflations and depressions to increase its own profits and power.

5. Fractional reserves allow unlimited usury and profits for the few at the expense of the many.

6. The idea of using commercial paper in addition to government debt as a backing for currency came from Paul Warburg of the Central Bank of Germany. This went beyond what was practiced by the Bank of England but it was adopted by the bank so it could increase the volume of its currency, cheapening it further. He was recruited by Wall Street bankers to help them design the Federal Reserve central bank (see chapter 12 for further discussion of the Federal Reserve system).

A World Held Hostage By Debt

Chapter Six

Fractional Reserves

The term "fractional reserves" as applied to banking and the creation of money means that the federal reserve notes or "bills" in our wallets are backed by only a small fraction. A fraction of what? Of nothing really, except of a credit entry your local commercial bank has on the books of one of regional federal reserve banks in your area. They call it "funds," but there are no real funds there, just more bookkeeping credit entries. Where does the regional reserve bank get those credits?

That's the mysterious part. It creates them out of nothing to start the whole process. It "buys" a debt, a government bond. It pays for the bond by giving it a credit on its books and allows the government to write checks against the credit and then clears the checks, and Voila' the Money is in circulation.

The process continues until your commercial bank "buys" your debt and pays you with money it creates. But first, the Federal reserve Board stipulates that your bank needs a small fraction of your loan in its reserve account at the Regional Federal Reserve Bank before it can grant you the loan. Funny, isn't it? The Banking Act of 1980 allows creation of their debt-based money even with zero (0) reserves. Remember too that all the borrowing involved in this process carries an interest charge. That is why the money is created and loaned out.

Until March 1933 you could present a Federal Reserve Note at the bank and request either silver or gold. President Franklin D. Roosevelt, following the Federal Reserve bankers' instructions forbade the redemption of the reserve notes in gold.[1] Now all you can get for a federal reserve note at the bank is another federal reserve note.

308 Years Is Enough
1694-2003

For more than three hundred years the creation and control of the nation's money using fractional reserves has persisted in our country with few minor interludes. We need to reverse what took place in England in 1694, and we need to be able to explain why it must be reversed.

There can be no compromise with complete and permanent repeal and removal of all six procedures legalized in 1694. They are the major economic causes of the problems of poverty and economic injustices in the world. This calls for:

1. Removal of the creation of money by private banks or by any other private interests or banking institutions. Such practice leaves an economy dependent on private banking interests and at their mercy. The issue of money is a public service of a sovereign government for the common good of all its citizens. No private citizens or other individual should profit by charging interest for creating it.

2 Removal of the money system based on debt.

3. Removal of banking as an industry. Banking is meant to be a service to industry and citizens who create wealth. It does not create wealth, to be called an industry.

4. Removal of fractional reserves. It makes no sense whatever except to the bankers when it enables them to make 990 profit on deposits like it did for the Bank of England. This practice is the major source of great profits for bankers and of poverty for nations.

5. Removal of commercial paper as a backing for credit. The practice did not originate with the Bank of England. It came from Paul Warburg as a European central bank's practice.

Allowing any one of the five structures to continue would leave an opening for the return of all of them with a vengeance. This has happened before in our history with incomplete and half-hearted attempts at reform. We may not let down our guard once our objectives are achieved. Each generation in turn must be properly educated so that it can protect itself. If it isn't, the New Aristocracy will surely not miss any opportunity it sees to regain these “keys” to unlimited profits and power.

A Modern Example of the Effects of Usury

The use of fractional reserves is sophisticated usury practiced by banks since 1694. It allows money lenders to ply their usurious trade more boldly and on a vastly greater scale than would be otherwise possible, charging poor people who need credit oppressively high interest rates.

The example given in the September 18, 1994, issue of Our Sunday Visitor is symbolic of the wide-spread practice of usury in Italy and Third World countries today. It tells about a couple, Francesco and Clara Gaddi, who committed suicide on August 25, 1994. They left a note saying they could no longer go on trying to pay off an exorbitant debt on their small farm and airfield. “The Gaddi's debt bind is shared by one-in-five businesses in Italy, the Chamber of Commerce says. Usurers prey, too, on the unemployed and the poor. Borrowers say they are threatened with violence if they do not pay and some have turned to prostitution in order to make payments. . . . Moneylenders . . . force borrowers to pay 120-250% interest a month.”

In Bangladesh, where we found the poorest of the poor, the money lenders charged as high as 10% a day, or over 3000% per year, until the poor have been freed from that oppression by one of the performing solutions described in Chapters 21,22,and 23.

The loan sharks practiced usury on individuals. The debt-based commercial banks using fractional reserves practice it on society in general where it is not so evident. The only banking institutions that do not use fractional reserves are the Credit Unions. They lend their members' deposited money. Once you deposit money at a commercial bank, it's no longer yours. The bank uses it in its business. It is credited to your account and your checks are cleared by the system.

No Apologia for Gold Based Money

Lest any person reading this chapter conclude that the author is here favoring the use of gold as a backing for honest money, that is not true. He is strongly opposed to the use of any commodity as a backing for money. He is fully aware of the many "gold bugs" who are proposing use of gold-based money as an alternative to our present money system.

Historically, it was the monopoly ownership of gold and its use as money that got our present system started. Nations seeking gold created slavery and one of the most shameful chapters in world history. Honest Money does not need the support of any commodity. All it needs is an honest Congress creating it and keeping it in balance with the value it represents. It alone has the authority and power to do this.

The author is also aware of the Constitutional provision that calls for gold/silver. This was not what Thomas Jefferson and associates wanted. They knew better, no commodity was needed. It was an unwilling concession to bankers who convinced them that the use of gold would help to prevent Congress from creating too much money.

That was true. The use of Gold did limit Congress from issuing too much money and causing inflation, but it was an artificial limitation of a Congress that failed to do its duty to maintain the value of money as required by the Constitution. In other words, it was a cop-out for Congress but a windfall for the Bankers. Please review chapter 4.

Note:

1. Silver was also involved to a minor extent, but because of several1 changes in laws concerning its use, we will not pursue its history here.

A World Held Hostage By Debt

Chapter Seven

Money in the American Colonies

Colonialism in America

The development of a debt-based money system in America was a carryover from sixteenth - and seventeenth - century mercantilism. Merchants of that period were the forerunners of modern capitalism. One of the basic principles they held was that gold and silver were essential to a nation's wealth. Therefore they monetized them.

If a nation did not have mines or access to these precious metals, they had to be obtained by trade. This was the main reason for the competition among the major nations for the possession of colonies. Spain, Italy, Portugal, Holland and England had an insatiable greed and appetite for gold; this led to the discoveries and settlements in both North and South America. England, of course, was the main player in United States history. They all wanted the power that gold-based money would giver them.

This period was one of the most sordid chapters in human history. All the great explorers - Columbus, Cortes, De Soto and Pizzaro - were active in the oppression, torture, murder, and enslavement of many native populations working the mines.

Manufacturing was forbidden in the colonies. All commerce was the monopoly of the mother country. The colonies were to serve both as markets for the exports of the mother country and as suppliers of raw materials, especially these precious metals. The goal was profit and wealth for the mother nation.

Naturally, the merchants saw themselves as in control of this process of colonization - its profits and the politics involved. The profits had to be in gold and silver. United States history shows that this was exactly the program that England tried to implement in the thirteen American colonies.[1]

After the war with Spain over the colonies ended, the British Crown was free to continue colonizing America. It encouraged private citizens to undertake settlements by granting them very generous charters.

The first charter was granted to Virginia in 1606, the first for Massachusetts in 1628, and so on. Each colony was a separate part of the British empire but otherwise independent and a sovereign state with the power to make its own laws so long as they did not conflict with those of England. One of the powers each colony had was the power to create its own money system.

Although we will speak of the colonies as if all we say applied to all of them, it is important to note that the thirteen colonies were not all the same. There were three different classes of colonies—charter, proprietary, and crown—each class with its own kind of a relationship with the British Crown. Within each class, each colony had its own characteristics and goals. Within the limits of their charters, these colonies acted as sovereign states. To go into the complex individual financial histories of all these types of colonies would take us too far afield. So, with one exception, we shall limit our story to what can be said of all of them in common, while we pursue the account of Massachusetts, the strongest charter colony.

Development Impossible Without Money

As the population of the colonies approached one million, with many different trades and occupations, there was a crying need to go beyond the primitive Dutch barter system which had served the earliest colonies but permitted only limited development. The colonies needed money, if they were going to make any progress in developing their commerce.

What little money they had was English money and what other colonists brought over from Spain, France, and Holland. With England in complete control of the money supply in the colonies, this money eventually ended up in London through taxes or in payment for imports.

If the colonists wanted some of this money back, they had to send their products, the fruit of their labors, to England at any price it pleased England to pay for them. Thus for close to two hundred years almost all the friction and troubles the colonies had with England were over money and money systems.

If the colonies issued their own money, the Bank of England (through the Crown, which it had controlled since 1694) either taxed it away or destroyed it by sending shiploads of counterfeit money, or through other intrigues. This finally forced the colonies into a war they really did not want.

This is what Benjamin Franklin tried to tell the authorities in London. As we know, they wouldn't listen. Before we examine the experiences of the charter colony of Massachusetts, let's look at an event which had great influence.

The Mixt Money Case

The creation and issue of money was defined by the Privy Council of England in 1604 as the prerogative and function of the sovereign state, in what is known as the Mixt Money Case Decision. Alexander Del Mar, in History of Money in America, writes:

> "Money was a public measure, a measure of value, and that, like other measures, it was necessary in the public welfare that its dimensions and volume should be limited, defined, and regulated by the State."

The whole body of learning left by the ancient and renascent world was invoked in this celebrated dictum: Aristotle, Paulus, Bodin, Budelius; the Roman law, the common law, and the statutes, all upheld it; the State alone had the right to issue money and to decide of what substances its symbols should be made, whether of gold, silver, brass, or paper. Whatever the State declared to be money, was money.

London Merchants Seek to Defeat the Mixt Money Decision

Del Mar comments, "The decision greatly alarmed the merchants of London, and for more than half a century after it was enunciated they were occupied with efforts to defeat its operation."

The merchants were alarmed because they had contrived to acquire—by trade, discovery, plunder, piracy, murder, or enslavement of Latin American and African natives the gold that they had monetized and were using as money.

Greece and Rome and other nations disappeared as nations when the concentration of wealth reached the point that only 2 percent of the population owned virtually everything. But even their merchants did not ply their greed on as large a scale as those in the New World, beginning with the Spanish, Dutch, Italian, English, and Portuguese.

It was impossible for ordinary citizens to acquire money except by selling the fruits of their labor for whatever price the merchants gave them. Slaves, of course, acquired nothing at all. This shortage of money caused distress and poverty throughout the nations that depended on gold -based money.

Now the 1604 Decision in the Mixt Money Case had very clearly defined that money, its creation and regulation, was a prerogative of the State. This threatened the merchants' whole gold operation and the money system based on it. Gold was the foundation of their power, no wonder they were alarmed. But to ordinary citizens, the Mixt Money Case Decision brought some measure of hope.

It is very interesting to note that the 1604 Mixt Money Case Decision goes unmentioned in the latest encyclopedias and textbooks. Could it be that the successors of these merchants are protecting themselves by not permitting any of this information into our educational system? We'll look at such precautionary behavior that is practiced constantly by the lords of the world of our day, which we'll see in more detail in Chapter 13.

Massachusetts and Other Colonies Implement the Mixt Money Case Decision

Massachusetts enjoyed the greatest freedom as a charter colony and took the most significant initiatives to provide its own money. Luckily, the colony had leaders and influential people who understood the implications of the Mixt Money Case Decision and of the power that they had over money as a sovereign state.

So whether the merchants overseas were "alarmed" or not, the provincial government decided to use the right, granted by its charter in 1620, shortly after the Mixt Money Case Decision, to create its own legal tender.

This right was never taken away from the colony, although its implementation was interfered with when it came to opening a mint on October 19, 1652. The Pine Tree shilling which it minted was channeled to London by the merchants where it was usually melted down, depriving the colonists of their newly created money.

Still, this money served the colony to some extent for thirty-four years, until 1686 when the mint was suppressed by King William. The Crown managed to have this coin exported out of the country, leaving the colony again without money and in a state of depression.

This rendered impossible any economic progress beyond that of again using some form of barter in order to provide for minimal human needs. No credit was available. All the fruits of this rudimentary economy ended in London through its control of coinage. There were other attempts made to issue promissory notes into circulation, including an effort to establish a land bank for such issue, but these were not accepted by the public and quickly disappeared.

The colony struggled with limited trade for forty years. Then, on July 3, 1692, it made its paper bills of credit, first issued on December 10, 1690, full legal tender. This meant the bills now could be used to pay all debts, both public and private; to finance the construction of the infrastructure needed for transportation; and to pay all expenses. The quality that made the paper legal tender and fully honest money was the fact that the government accepted it in payment of taxes and recognized it as a lawful medium for settling all debts between the government and private individuals.

The following wording on the notes issued by Massachusetts shows that they fulfilled that requirement. **"This indented bill for ten shillings, due from the Massachusetts Colony to the Possessor, shall be equal in value to money, and shall be accordingly accepted by the Treasurer, and Receivers subordinate to him, in all public payments, and for any stock at any time in the Treasury, Boston in New England, December 10th, 1690. By order of the General Court."**

The colony at last had its own honest money, without debt or interest to anyone. In fact, by granting long-term loans to its citizens for the purpose of starting businesses it collected a low rate of interest, which was a source of revenue for it and reduced the need for taxes. The bills, of course, were accepted in payment of taxes, a critical requirement for any valid national currency. Taxation provides a government with the power to maintain an equilibrium in the money supply and therefore assure its stable value.

Eventually the other colonies followed the example of Massachusetts and accepted each others bills, thus further increasing trade. Through their productive enterprises and commerce, using their paper money, the colonists developed a prosperous economy. They discovered that individuals did not need gold or silver or any other commodity; the receipts and the credit of the sovereign state were satisfactory.

This valid paper money was paid into use by way of public expenditures until there was enough to serve the orderly exchange of goods and services, with just enough taxation to keep the supply in balance with the production of wealth. As this money entered the colonial economy, the next thirty years were a period of unparalleled prosperity and development, more than doubling both population and wealth.

Benjamin Franklin described the conditions this way: **"Abundance reigned in the Colonies and there was peace in all their borders. A more happy and prosperous population could not perhaps be found on the globe. In every home there was comfort. The people were generally highly moral and knowledge was extensively diffused."**

When Franklin went to England as a representative of the colonies, he found poverty and hunger and streets filled with beggars. The officials assumed conditions were the same in the colonies. So they asked him how the colonies handled caring for the poor, how they managed to collect the taxes they needed to build poor houses. Franklin answered: **"We have no poor houses in the Colonies, and if we had we would have nobody to put in them, as in the Colonies there is not a single unemployed man, no poor and no vagabonds."**

When asked how he accounted for that prosperity in the colonies, Franklin said: **"It is because in the Colonies we issue our own paper money. We call it Colonial Scrip and we issue enough to move all goods freely from the producers to the consumers; and, as we create our own money, we control the purchasing power of money and have no interest to pay."**

Evidently Benjamin Franklin was telling this to the wrong crowd. Gold and silver had been picked by the Rothschild banking family as the specie of choice to be used as money because the family held vast amounts of those metals and could therefore control the money supply and its value.

Working with kings and other rulers who already were dependent on the bankers to some extent, the Rothschilds persuaded them to adopt their system. For the British at this time, that was the only worthwhile money for taxing or trading with the colonies.

The colonies, on the other hand, did not have gold or silver, or very little. This did not stand in the way of their prosperity once they followed the Mixt Money Decision and chose to use bills of credit for money, which had no value for the British.

No specie is necessary to give money its value. All that is needed is for the issuing public authority to accept it in payment of taxes, make it legal tender in payment of all debts, and to control its supply, so that it is always in balance with values it produces. (Note that the Constitution gives Congress the power "to regulate the value of our money"—Article 1, sec. 8.5). It cannot regulate the value of money unless it has complete control over its creation.

However, when King William III surrendered the nation's sovereignty in 1694 to the private merchants' Bank of England for their gold and created a debt to the Bank, government decisions were now made only nominally by Parliament but actually by the English Board of Trade and the Bank of England. So now, when the merchants of the Bank of England heard of this prosperity in the New World, they promptly set out to exploit the colonies and plunder their wealth, just as they had in the mother country. They took the colonies' money away, contrary to the colonial charters they received from the Crown the bankers did not consider themselves obligated to honor the Charters. So the colonies' prosperity did not last very long.

In 1720 the colonial royal governors were ordered to destroy the monetary issue of the colonies without regard to consequences. They carried out the orders by trick or threat—and ultimately by counterfeiting and sending shiploads of bills, thus destroying the value of those in circulation (cf. Frigo Brothers story)—causing a major depression in the colonies.

Then, in 1741, the British Parliament (controlled by the Bank of

England) suppressed the Land Bank of Massachusetts and forbade the colony to issue any more legal tender or bills of credit.

On June 28, 1749, the Resumption Act was approved by the king, as the Bank of England wanted. This act resumed gold and silver coin, which the colonists did not have, as the money demanded in payment of taxes and other debts. In 1764 these prohibitions were extended to the rest of the colonies. This was in direct violation of their colonial charters.

What was the result? This is how financial historian Alexander Del Mar describes it: **"Ruin stalked in every home; the people could not pay their taxes, and were obliged to see their property seized by the sheriff and sold for one tenth of its previous value. . . . Every sort of injustice was committed under cover of law."**

The colonies did their best to arrive at a compromise, even sending Benjamin Franklin to London in their behalf. But to no avail. The Bank of England was determined to take the colonies hostage by taking away their money and loading them with debt. This was the money system inaugurated in 1694 now applied to the colonies. The Bankers were not satisfied with the number of hostages they took in England. They had to take the colonists also, then on and on they continued their operations by creating debt through the Federal Reserve, the World Bank, and the International Monetary Fund until today the whole world is hostage to their debts.

Concerning his efforts at compromise, Franklin wrote:
"The Colonies would gladly have borne the little tax on tea and other matters, had it not been that England took away from the Colonies their money, which created unemployment and dissatisfaction."

Here was the primary provocation for the War of Independence, although it is not the usual way history textbooks report the causes of the war. Even today the bankers do not want citizens to consider this the main reason for the colonists' decision to resort to war.

So the only honest, debt-free money system enjoyed in United States history was during the thirty-year period between 1692 and 1720 (plus perhaps a few years before the royal governors' restrictions took full effect). The Bank of England's debt-based money system had arrived on American shores. The next chapter will discuss how that system took root and developed, and the struggles, successes, and failures the new nation's citizens and leaders had with it in the period up to the Civil War.

Note:

1. The Louisiana territories under Spain and France had their own financial history, but their problems were similar to those in British colonies.

A World Held Hostage by Debt

Chapter Eight

Debt-based Money
Comes to America

Brief Historical Context for this Chapter

1774 September, 1 - British seize cannon and powder at Charlestown and Cambridge. Colonies prepare for war.
September 5 - The First Continental Congress convenes. The Colonies try to form a confederation.

1775 May 10 - Second Continental Congress meets in Philadelphia.
June 15 - Washington is named chief of the continental forces.

1776 June 11 - The Committee of Five appointed to prepare the Declaration of Independence, chooses Thomas Jefferson to do the writing.
June 28 - Thomas Jefferson presents a completed draft of the Declaration of Independence, saying he drew upon his own and the people's prevalent philosophy and feelings.
July 2 - Continental Congress takes final vote for independence.
August 2 - After much debate by the delegates of the attending twelve colonies, most of the fifty-five final signatures are affixed to the amended Declaration of Independence.

1777 November 15 - The Continental Congress agrees upon the Articles of Confederation as a working arrangement for the independent and sovereign colonies, which now need to work together for self-defense and perhaps to coalesce into a nation.

The War for Independence

From 1775 to 1781 the War for Independence was fought amid great sacrifices, loss of life, and hardships. Virtually the only money the colonists had during all this time was their paper continental currency and individual colonies' bills of credit, which had little value because the Continental Congress did not have taxing authority, nor could it make them legal tender.

While the Americans were still in the throes of war, and England saw the possibility of losing that war on the military level, the Bank of England interests were maneuvering to win the war by means of a debt-based money system like their own.

The Confederation

On March 2, 1781, the First Congress of the Confederation met to adopt officially the Articles as the basis for the government. The Articles continued in force until the Constitution was ratified in 1789.

Seven months later, on October 19, 1781, the British army under Cornwallis, composed of almost eight thousand men, surrendered. Alexander Hamilton, who would play an important role in the history of the debt-based money system coming to America, distinguished himself as a colonel and a skillful commander in that final battle.

The American War for Independence was perhaps the greatest event in the history of the nation. When it ended, the colonists had gained for themselves sovereignty as a new nation and liberty. The costs, in lives and possessions, were immense.

Alexander Hamilton's
Bank of America

During the war a brilliant and ambitious young man, only 20 years of age, received an assignment as secretary to George Washington. His name was Alexander Hamilton. From the age of 13 he had been attracted to business and finance and making money. He studied at what is now Columbia University. There he met and made many influential friends, especially among the bankers on Wall Street. He admired their power and privileges and set out to learn their ideas of private central banking, the same ideas upon which the Bank of England had been founded in 1694.

While in the service of George Washington, Hamilton studied all aspects of finance—money, gold, silver, foreign exchange, and so on. During this time he also wrote letters to influential men in Europe about his ideas. He formed definite plans for a privately owned central bank like the Bank of England. In addition he intended to follow the teachings of Adam Smith's Wealth of Nations as his guide on economics.

In February of 1781 Hamilton left Washington's service. Now, only 24, he felt ready to venture into the field of finance. He had studied, made contacts with bankers, and learned how a private central bank could use its power to destroy government-created money, which he knew he had to do before his central bank could gain exclusive control of the nation's money. He admired such power and wanted to be in a position to be able to use it. He would rely on the ignorance of the ordinary people about money matters.

The Confederation, with no gold or silver of its own and only limited amounts borrowed from France, Spain and Holland, had to depend on its own weak continental currency and on the paper money of the colonies, each with its own issue. With this financial confusion and the burden of debt from the war, the colonies were under great financial stress. This gave Hamilton his opportunity. He wrote to a powerful member of the Continental Congress suggesting that favorable treatment of wealthy men would incline them to help the government out of its difficulties.

Immediately after leaving George Washington, Hamilton wrote to his friend Robert Morris, who was then superintendent of finance for the Continental Congress, outlining a very ambitious plan for an international central bank under the control of European capital. Morris, who was himself wealthy and had good European connections, obtained $500,000 from the King of France and subscribed all that remained in the continental treasury to the stock of the Bank, a total of $254,000.

Thus, only three months after the war, Hamilton and Morris managed to get a charter from the State of Massachusetts and set up the Bank of America. However, the oppressed colonies were not about to surrender their hard-won independence to an international central bank, so this bank was rejected and failed.

The reason for bringing this failed Bank of America into our story at all is because it helps us to understand better the motives of Hamilton and Morris in their subsequent endeavors. For example, here is what Robert Morris wrote to John Jay, ambassador to Spain, asking for funds for the Bank of America: “I am determined that the Bank shall be well supported until it can support itself, and then it will support us.”

John Adams, who became the second president of the new United States, expressed this estimate of Morris: “He has vast designs in the mercantile way, and no doubt pursues mercantile ends, which are always gain.”[1]

United States Constitution Ratified

On July 2, 1788, Cyrus Griffin, president of the Continental Congress, announced that the Constitution had been ratified by the necessary nine states. The Federalists, under the leadership of George Washington and Alexander Hamilton, had worked hard to have it ratified and were happy with this announcement.

The Federalists comprised mainly the moneyed interests—merchants, professional, and people with property. They wanted a strong central government patterned on the British government, to which many were sympathetic because it favored the interests of people like themselves. Four colonies were withholding ratification until they were assured that the Bill of Rights became part of it to protect themselves against a powerful central government's authority denying them the personal rights and freedoms they had fought for.

1788 September 13 - The Continental Congress meets to prepare for the new government. It transacts its last official business on October 10, 1788.

December 23 - Maryland cedes ten square miles as the future site of government, the District of Columbia.

1789 April 6 - George Washington is elected first president, John Adams vice-president. Both were Federalists.

September 11 - Alexander Hamilton is appointed Secretary of the Treasury.

September 26 - Thomas Jefferson is appointed first Secretary of State.

Hamilton's First National Bank of the USA

Top priority during Washington's first term had to be bringing order to the finances of the new nation. The many debts and the confusion existing with the continental currency and other currencies in the colonies were serious obstacles to the development of trade and industry in the nation. Therefore the Federalists worked hard both to ratify the Constitution and to assume the many debts into one national debt that would also include the debt for the War of Independence.

Federalists, remember, were the moneyed and propertied people, the elites or aristocrats of the new world. This fact, and the fear of a huge national debt, caused a great deal of controversy between them and the more numerous ordinary citizens—the farmers and laborers. These were strongly opposed to the Constitution and didn't trust a central government so strong that the ordinary citizen wouldn't have much of a voice in it. That wasn't the citizens' idea of democracy. Thomas Jefferson, the author of the Declaration of Independence, was their leader and represented what became the Democratic-Republican Party. Its members were opposed to the principles and actions of the Federalist Party led by Alexander Hamilton, the new Secretary of the Treasury and strong proponent of central banking.

Jefferson, who found fault with the Constitution because it concentrated excessively on the federal level, hoped nevertheless that the nine states would ratify it to ensure the good that it contained. But he wanted the other four states to hold off until the Bill of Rights amending it was accepted by the other nine. To Count de Moustier in a letter dated May 17, 1788, Jefferson wrote:

"I see in this instrument a great deal of good. There are, indeed some faults, which revolted me a good deal in the first moment; but we must be contented to travel on to perfection, step by step. We must be contented with the ground which this Constitution will gain for us, and hope that a favorable moment will come for correcting what is amiss in it."

A year earlier Jefferson had written to a Joseph Jones: "With all the defects in our Constitution whether general or particular, the comparison of our governments with those of Europe, is like a comparison of heaven and hell. England, like earth, may be allowed to take an intermediate station."

Alexander Hamilton, on the other hand, whose failure with the Bank of America ten years earlier led him to find fault with the Articles of Confederation, worked hard for the United States Constitution and its ratification. He knew it would unite the colonies under one strong government and present him with better prospects to again undertake the formation of a central bank. It soon became evident that Hamilton was preparing to do just that. He and his friend Robert Morris would be cooperating again to accomplish that objective.

Under the leadership of Alexander Hamilton, the financiers promoted a First National Bank, which was patterned on the Bank of England with its power to create money based on the nation's debt and fractional reserves. Meyer Amschel Rothschild, founder of the International Banking House of Rothschild, had helped finance Great Britain in its war with the colonies and also, through intermediaries including Hamilton's friend Morris, had loaned money to the colonies. He now guided Hamilton in getting this new central bank established.

It did not matter to the House of Rothschild which side won the war. In either case it would profit. Financiers finance wars for one purpose only, to enhance their own profits through interest on government debt and by supplying munitions and hardware for the military. Patriotism is irrelevant; their goal is making money.

Hamilton remembered Amschel Rothschild's oft-quoted line: **"Permit me to issue and control the money of a nation, and I care not who makes its laws."** The founders and owners of the new central bank would have the power to control the economies, politics, and destiny of the new nation. In soliciting support for the scheme from the financial circles in London, New York, and in Congress, Hamilton held out the bright vision of great profits that would accrue to them from such an adventure. The Congressmen were also promised opportunities for personal profit from the new Central Bank operation. Their support for the bill granting the Bank a charter was needed and was obtained by appealing to their greed.

By founding a private central bank, which they called the First National Bank of the United States, England and its financiers with their American colleagues effectively won the war through finance, even though Lord Cornwallis surrendered on the battlefield. England's debt-based, fractional-reserve money system had finally come to America. Alexander Del Mar, eminent historian of that period and author of numerous books, including The History of Money in America,[2] exclaimed:

> **"Never was a great historical event followed by a more feeble sequel. A Nation arises to claim for itself liberty and sovereignty. It gains both of these ends by immense sacrifice and treasure. Then, when victory is gained and secured, it hands the national credit—that is to say, a national treasure over to private individuals, to do as they please with it!"**

John Adams, the second president, himself a Federalist like George Washington and Alexander Hamilton, had this to say after seeing the First National Bank in action for several years: **"All the perplexities,**

confusion, and distress in America, arise, not from the defects in the Constitution or confederation, not from want of honor or virtue, so much as from downright ignorance of coin, credit and circulation."

The betrayal of its citizens so soon after the war, Del Mar says, "can only be attributed to the absence of such a body of knowledge on financial subjects as would have the statesmen of that day . . . profit by the experience of the past."

What a price citizens must pay because of a lack of knowledge! To avoid such tragic mistakes in modern times we need to learn from these experiences of the early American colonists.

Two hundred years ago it could have been true that there was "an absence of a body of knowledge on financial subjects. But today that is no longer true. This knowledge may be kept out of our public educational system, but it is readily available in our libraries and in the thousands of books written on these subjects. Del Mar had a bibliography of some four-hundred titles when he published "The History of Money in America", in 1899! So while there may have been an excuse for the early American colonists and their statesmen, including the first president, George Washington, not having sufficient knowledge about financial matters to recognize the dangers in what was being proposed, there is no excuse for us. There is no excuse for remaining ignorant about money.

George Washington admitted that he didn't understand finance. He intrusted these matters to Alexander Hamilton. Upon the recommendation of Robert Morris, a wealthy man with international contacts, Washington had appointed Hamilton Secretary of the Treasury. As we have seen, Alexander Hamilton's primary interests and sympathies lay with the financial interests and with using his understanding of money to advance their causes.

Washington's ignorance of the nature of money caused his country to lose to the money interests the victory it had won on the battle field. The nation was now in the hands of the banking fraternity.

The Opposing Views of Hamilton and Jefferson

The financial problems of the new nation and Hamilton's proposal for solving them by means of a private central bank chartered by the United States provided the occasion for a fierce and celebrated battle between Hamilton and Jefferson.

This controversy was carried on by the two leaders with the help of two newspapers founded by the two opposing camps. The National Gazette, edited by Philip Freneau, promoted Democratic-Republican principles. Thomas Jefferson, along with James Madison, James Monroe, and Benjamin Franklin were the leaders of that party. The Federalist Gazette of the United States, edited by John Fenno, backed Alexander Hamilton and the Federalist cause. The famous Federalist Papers, written mostly by Hamilton, provided some of the ammunition for the battle.

The Main Principles of the Democratic-Republican Party

The Democratic-Republican Party's principles stemmed from the philosophy and convictions of Thomas Jefferson, expressed in the Declaration of Independence. They included the following:

1. A democratic order based on the individual freeholders, people who would be able to own land and property, not subject to laws that would keep title to lands and property within a privileged group or class. Though Jefferson and his associates considered themselves aristocrats

and were independent proprietors, their sympathies were with the middle-class citizens who were the producers of real wealth. They identified with these people and with their desires to keep and enjoy the fruits of their labor in a system of government in which they would have an effective voice.

2. Confidence that ordinary citizens, acting through their representatives, could be trusted to govern themselves. On July 12, 1816, Jefferson wrote to Samuel Kercheval: “I am not among those who fear the people. They, and not the rich, are our dependence for continued freedom. And to preserve their independence, we must not let our rulers load us with perpetual debt.”

3. A belief that people could learn and improve their skills. Jefferson believed in creating a true aristocracy of talented and gifted people who would be qualified for leadership and public office. This was not to be an aristocracy based on heredity or wealth but on virtue and talents. In a letter dated August 30, 1795, Jefferson wrote: “I do most anxiously wish to see the highest degree of education given to the higher degrees of genius, and to all degrees of it as much as may enable them to read and understand what is going on in the world, and to keep their part of it going right; for nothing can keep it right but their own vigilant and distrustful superintendence.”[3]

4. An economic order based on people's initiative and industry, relatively free from industrialism and big finance. In his first annual message to Congress as president of the United States, Jefferson said: “Agriculture, manufacture, commerce and navigation, the four pillars of our prosperity, are the most thriving when left free to individual enterprise.”

5. Distrust of the power of big, centralized government. Writing to John Taylor in 1798, Jefferson commented: “It is a singular

phenomenon, that while our State governments are the very best in the world, without exception or comparison, our General Government has, in the rapid course of nine or ten years, become more arbitrary, and has swallowed more of the public liberty than even that of England."

6. Wide diffusion of goods and wealth among the people who create them and sympathy for debtor interests rather than the interests of big creditors.

Federalist Principles

Alexander Hamilton was the leader of the Federalist Party. They were the new aristocrats (the elite), comprising the moneyed interests, people of wealth and substance, the Wall Street financiers and their banker friends, as well those associated with the Bank of England and other European bankers and merchants. Their aims were profit and power. With the power of money they knew they could control both the producers of wealth and the government, just as the Bank of England did. Hamilton was fascinated by that kind of power. Federalist principles included the following:

1. A belief that the best government was one by the elite.

2. Distrust of the ability of the citizens at large to govern themselves; therefore the elite alone should be in control of all the executive functions of government. The Federalists fought against the adoption of the Bill of Rights insisted on by Thomas Jefferson and the Democratic-Republicans. They believed those first ten amendments to the Constitution would interfere with the control they wanted to have over the new nation.

These were the two major ways the Federalists differed from the Democrat-Republicans as described above. Both parties were patriotic in their motives and believed their approach would best serve their country. The Federalists were for centralization of power and government and that approach could very well be best for the country if the citizens remained ignorant. George Washington, a Federalist, was afraid that a democracy would fail for that reason. When he accepted it as an experiment, he warned the country about the absolute necessity of sound education for it to succeed.

The New Nation's Financial Problems

The nation's obligations on January 14, 1790, were these:

Foreign debt to the French and Dutch	$ 11,710,378
Domestic claims	$ 44,424,085
States' own debts (if assumed)	$ 25,000,000
Assuming states' debts for the common	$ 21,500,000
War effort Total	$102,624,463

There was a great deal of opposition, debate, and compromise concerning assuming some of those debts, but finally a political compromise was reached. Jefferson lent his support for Hamilton's assumption plan, while Hamilton gave Jefferson the support of his influence for fixing the site of the nation's capital in the District of Columbia. On July 1790 both proposals were approved.

On to the Central Bank!

In December 1790 Hamilton submitted to the House his plan for a central bank. He requested the Congress to grant him and his associates a charter for a private bank; it would be called the First National Bank of the United States.

Hamilton knew exactly what he wanted. His bank was modeled on the Bank of England. All the debts that Washington was worried about, the government would assume and consolidate into one big debt. His Bank would monetize this debt and the government would have all the money it needed to pay off its debts at full value in return for the interest-bearing bonds it issued to the Bank. All the government needed to do now was to pay interest to the Bank on those bonds. This the government would do by taxing the citizens, a power that the bank itself did not have.

This left the government with a national debt owed to the bank and financiers. It would also give the Bank the reserves to create more debt. The bigger the debt, the more interest would be garnered.[4] On the positive side, it did help Washington to pay all the nation's other debts.

Could the national debt problem have been handled any other way? Thomas Jefferson proposed that an honest and constitutional solution would be to use U.S. Treasury Notes to pay the bills instead of using the Bank Notes. That could be handled by the United States Treasury. Then Congress would not need to pay interest to a private banking system. The people's taxes would thus be lower. By its taxing power it could control the supply and value of its currency as provided in the Constitution[5] to ensure freedom from both inflation and depressions. Why didn't Jefferson's view prevail?

Alexander Hamilton had learned well from his tutors on Wall Street and in England, and he carefully prepared the way in Congress before he presented his request for a charter on December 13, 1790. He held out to both Congressmen and members of the financial community the prospect of great private profits that they could gain from the venture.

First, he gave the Congressmen advance information that all debts would be paid at full parity, or 100 percent on the dollar. These men knew that money was in such short supply that creditors would be willing to give up their bills for a mere 15 cents on the dollar. This advance knowledge enabled the Congressmen to buy up all the paper cheaply before the farmers and creditors in outlying areas found out they could get full value. Thus the Congressmen would make an immediate profit of 85 cents on every dollar when Hamilton's proposal for the bank was passed by Congress. Apparently Hamilton's reading of human nature's greediness was correct. Forty-five percent of the Congressmen availed themselves of this opportunity to benefit at the expense of the citizens.

But there were also ways to garner longer-term profits. Hamilton explained that the main source of permanent gains and income would be the interest on the bonds at 8 percent. But if the bonds could be gotten from the Government at a discount of 50 percent, which in some situations could be arranged, the effective interest rate would double. The initial profits (over 560 percent!) could be used to buy more bonds for these permanent gains. Combined with some other procedures the bank planned to follow, they were told they could reasonably expect profits of 30-35 percent on their invested capital. Thus it is easy for us to understand that in spite of great opposition from the Democratic-Republicans and great leaders like Jefferson, Adams, and Benjamin Franklin, who had just died, the bill granting Alexander Hamilton and his associates a charter for the private bank passed on February 25, 1791.

George Washington doubted that Congress had the authority under the Constitution to pass such a bill and had the vice-president John Adams prepare a veto. After hearing arguments from both Jefferson and Hamilton, who argued that the bill fell within the “implied powers” of the Constitution—an argument used, and misused, down to the present day.

Washington was still not persuaded by either man's arguments.

Believing that in cases of doubt the president's support should go to the cabinet officer whose department was directly involved, he supported Hamilton and signed the bill. Now the nation's debt problems were solved. Or were they?

It was a good idea to consolidate the debts of the new nation and arrange to have them paid. It was also good to provide a supply of money, which the nation needed badly for the development of industry, commerce, and infrastructure. This, in fact, was one of the arguments that Hamilton had used to gain the support of merchants and industrialists.

But Jefferson's plan to have the Treasury issue the money was the honest and Constitutional way that would have solved these problems even better without creating a government debt and taxing the citizens. Doing it through Hamilton's Central Bank, the same Federalists who opposed a true democracy in the first place subverted the nation's hard-won sovereignty and independence. They got what they wanted by stretching the Constitution with Hamilton's "implied powers" argument, which set a precedent for manipulating the Constitution in the future.

Alexander Hamilton was a brilliant and very capable aristocrat in the English tradition. While he was instrumental in spelling out for his associates and the Congressmen how to achieve great profits, he himself did not profit as he expected. His Federalist "friends" cast him aside after using him to get a central bank they could control.

The First National Bank

The First National Bank, as we saw, was a private bank for private profit. Initially the government furnished some of its capital and was allowed a minority interest, but in time this was completely eliminated. The word national was used to make the public accept the idea of a central bank more easily.[6]

Congress surrendered its sovereignty to this private banking system by giving it a charter to create the nation's money. And then the government went into debt to this private banking institution by borrowing its money. Hamilton's bank used the “fractional reserve” ploy to create and lend about three times its reserves, thus collecting more interest.

Today, our nation’s Central Bank is the Federal Reserve. It creates the nation’s money using virtually no reserves; the Banking act of 1980 allows banks to use foreign bonds and their own debt instruments as so-called reserves. This is one in a series of more recent “improvements” on the system used by the first central bank.

In 2003, 173 Central Banks were established worldwide. Nationally and internationally, they set the rules, make the key decisions on interest and exchange rates, and control $2 Trillion in gold and foreign exchange reserves. Any reader may obtain detailed information about all of them by visiting their Central Banking Publications Ltd. website in England at: http://www.centralbankingco.uk. The Directory will cost him/her about $210 in American dollars.

The First National Bank also obtained an exclusive monopoly on all banking. In its historical situation it was not able to enforce that provision completely, because some of the state-chartered banks issued their own notes to circulate as money. It was only in 1913 that the Federal Reserve System, a successor of that first bank, finally achieved total monopoly and control of all banking.

The power to control the money supply of the nation made it possible for Hamilton's Bank to contract or expand the supply at will. Thus it could create cycles of inflation and depressions from which it could increase its own wealth from foreclosures and bankruptcies.

It is important to note that the stock in trade of a bank is money and interest. This means that banking is called an industry while it produces no wealth for the nation's economy as a true and bona fide industry should. Casinos and lotteries are the same kind of ‘industries.” Banks were intended to be service institutions. Alexander Hamilton himself came to regret having established the bank. Only seven years of experience with the bank led him to write the following in a letter to Oliver Wolcott, the new Secretary of Treasury in the Adams-Jefferson administration:

“New York, August 22, 1798

My dear Sir:

No one knows better than yourself how difficult and oppressive is the collection even of taxes very moderate in amount, if there is a defective circulation. According to all the phenomena which fell under my notice, this is our case, in the interior parts of the country. . . . For these and other reasons I have thought well of, I have come to a conclusion that our Treasury ought to raise up a circulation of its own. I mean by issuing of Treasury notes. . . . This appears to me an expedient equally necessary to keep the circulation full. . . . It will be easy to enlarge without hazard to credit.”

(Signed) **Alexander Hamilton**

Once established, however, the system Hamilton started continued to develop and become more and more entrenched, fighting off all challenges with the power that comes with money, its creation, and its control. Today this debt-based fractional reserve banking controls not only the economic destiny of the United States but the destinies of

184 nations through the three entities known as the Federal Reserve, the World Bank, and the International Monetary Fund, and their associated Central Banks and other subsidiary organizations.

Notes:

1. Dewey's Financial History of the United States
2. Alexander Del Mar. History of Money in America(New York: Gordon Press, 1973, originally published in 1899
3. All emphases in the text or quotations made in italics are the author's, not by the original author.
4. By February 2002 the national debt of the United States over $6 trillion- a great problem for the nation and for the whole banking system as well.
5. Constitution Article I, Section 8, Clause 5
6. The same thing was done in 1913 when the word federal was chosen to help get the Federal Reserve Act enacted.

World Held Hostage by Debt

Chapter Nine

The New Worldwide Aristocracy

Introducing the Land Lords of the World

Almost all American citizens believe that the United States is a democracy. The facts are that we are going through the motions of democracy while being ruled by a new aristocracy. This is true of virtually all more or less stable nations of the world.

The media are very aware of the presence of such an aristocracy in the world. If we read our newspapers carefully, we notice terms such as "the elite," "the media elite," "the social elite," "the financial elite," "the establishment," "oligarchies," and so on, in their reporting and commentaries. Here we call them "land lords of the world" because they exert effective control over the financial, political, and social structures, and economic development of the world.

What Kind of Aristocracy?

In itself the concept of an aristocracy is not bad. It means rule by the best (*aristos* is the Greek word meaning "best"). The idea of an aristocracy had its origin in the writings of Plato and Aristotle. To have the best, the most intelligent and capable people in charge of government sounds like an ideal worth striving for. It was also Jefferson's ideal.

George Washington belonged to the propertied upper class and considered himself an aristocrat; he had serious misgivings about ordinary citizens being able to govern themselves under a democratic form of government. Nevertheless, he cooperated with his fellow citizens to adopt the “experiment” of representative democracy. Alexander Hamilton held the same views and was also an aristocrat. I call these men members of the new aristocracy to differentiate them from an aristocracy based on hereditary nobility. It is new in that sense.

There have always been certain people in society set apart as in some way better than others and more capable of being its rulers. The nobles and titled aristocracy before the new aristocracy also collected tribute, just as the new aristocracy today collects ever-increasing taxes and plunders the wealth of the nations of the world. However, it was the merchants from mercantilist days who perfected the mechanisms for building and perpetuating a more powerful aristocracy than most of the hereditary aristocracies of old were.

Those mechanisms were money, gold and debt, not just money as a medium of exchange but as something with which they could exert control outside of the conventional and legal channels of government.

This new aristocracy is today the world power that rules virtually every nation, regardless of its external form of government. It is made up principally of the financiers of the world and includes the Federal Reserve, the International Monetary Fund, and the World Bank, the 173 central banks and all the big banks. The great captains of industry, the media, government, the investors and their capitalist structures financed by unearned money are members of this new aristocracy.

One might not exactly call this a conspiracy. There is some competition among the central banks as they jockey for power and control, and between the media and other institutions. It is difficult to judge in every instance, however, whether the differences are genuine or contrived to mislead the citizens, as has often been the case. These “elites” of our society, though not necessarily all of them, make up a number of secret groups. The three major ones are the Council on

Foreign Relations (CFR), the Trilateral Commission (TC), and the Bilderbergers. The bonds that hold them together are:

(1) maintaining and defending their own privileged position;
(2) forming a world government under the United Nations with themselves as the secret rulers of the world's peoples; and
(3) always striving for more profit, power and advantage for their members.

The following descriptions of the three groups will outline some of their respective activities.

The Council on Foreign Relations

An organization called the British Royal Institute on International Affairs was founded by the English Financier Cecil Rhoades (also founder of the Rhoades Scholarship Program) to promote reuniting the United States to the British Empire. The Council on Foreign Relations (CFR) was founded in 1921 by J. P. Morgan and other international bankers as the American branch of the British institute and was intended to comprise American citizens only.

The CFR agenda, however, went beyond that of the British institute. Its specific task was to condition Americans to accept world government as a desirable solution to the problems of the world. It did not do much until 1939 when David Rockefeller took over as chairman. It was funded heavily by the Rockefeller, Ford and Carnegie foundations. Though now over eighty years of age, Rockefeller is still very much its master.

The CFR publishes the quarterly journal *Foreign Affairs* and other literature and could be called the public relations and propaganda arm for the Trilaterals and the Bilderbergers. Almost all the key personnel in the United States government, especially in finance and foreign affairs, have been picked from the CFR ranks by all the presidents since Franklin Roosevelt (regardless of which political party was in power). In effect, these are the elite, the establishment that runs the country, largely according to the wishes of the Trilaterals and Bilderbergers. The rest of the citizens of the United States may well wonder just how much of a voice they have in the supposedly representative democracy.

A Sample of CFR Membership

The latest list comprises more than three thousand people taken from banking and finance, big business, industry, the media, politics, and academia. Membership is by invitation only and can be terminated at any time.[1] The same is true of the Trilaterals and Bilderbergers, except that they are more secretive and restricted to much fewer members. No updated information is available in a form that would identify current membership. Fragmented non alphabetical information for CFR membership is on their Web Site. This sample remains valid as a sample because the members named remain members even if no longer in office. General meetings are open to all members but, because many members may be only passive members—as in any organization—not much is done in these meetings. The seminars, workshops, decisions, and other significant activities are restricted to certain members and are highly secretive.

In Government

Former President, Bill Clinton belongs to all three groups. He was chosen by the Bilderbergers to be a front runner for the presidency and to be supported by the media before the primary elections. Naturally, the other candidates would run out of money and be forced to drop out. President Bush had also been a member, but in the judgment of the

Bilderbergers Bill Clinton would serve their objectives better. So they dropped Bush, just as two hundred years earlier the new aristocrats used and discarded Alexander Hamilton, who was also one of their own.

Other members of the Council on Foreign Relations in government today are Albert Gore Jr., Vice President; George Stephanopoulos, Director of Communications and four other top officials of the White House Staff; Warren Christopher, Secretary of State and thirty-seven other officials in the Department of State; Les Aspin, Secretary of Defense, with ten others in that department; Colin L. Powell, Chair Joint of the Chiefs of Staff; Anthony Lake, National Security Advisor; James Woolsey, Director of Central Intelligence; Laura Tyson, Chair of the Council of Economic Advisors; Lloyd Bentsen, Treasury Secretary, with six other top treasury officials and thirty-four members of the United States Congress. Several Congressmen are also Trilaterals.

In the Media

Some well-known names include the following:

NBC - Tom Brokaw, John Chancellor, Marvin Kalb, Irving Levine, and nine others.
PBS - Robert McNeil, Jim Lehrer, three others.
NY Times - eighteen members of the CFR, two on the Trilateral Commission
Time, Inc. - seven members
Newsweek/Washington Post - fourteen members

The Federal Reserve System and Big Banks

All are loaded with CFR and some TC members on their boards.

The Trilateral Commission

The Trilateral Commission was organized by David Rockefeller, the chairman of the Chase Manhattan Bank, July 22-23, 1972, at Tarrytown, New York. It was to be an international version of the CFR, but much more selective. All members must be believers in the "New World Order." The goal of achieving a world government was being opposed, so this commission was planned to smooth the way by first forming regional associations of nations in cooperation with the Bilderbergers. Almost all the United States' Trilaterals are multinational corporate executives or international bankers and members of the other two groups led by the Rockefeller oil interests playing an important part.

The Trilaterals, who include about 320 members, met in Tokyo in the Okura Hotel on April 9-11,1994. They called their propaganda section to meet at a Council of Foreign Relations forum in Washington two weeks before the Tokyo meeting. The purpose of that emergency meeting was to save the most-favored nation trade status for Red China. This status was being opposed by some Congressmen on account of China's serious human rights violations. But for the new aristocrats the prospect of the immense profits to be gained from the vast markets and the great natural resources in China, especially the newly discovered oil reserves to be exploited by international financiers, was more important than human rights.

Just as they pushed for NAFTA at their 1993 meeting, around which they would build the American Union as a block of the one world government, so now they are promoting the Asian-Pacific Union as their third block. Both of these would be added to the European Union and patterned on it in order to meet their overall objective of a single world government. The Red China markets, with more than a billion people, are just as important for that Pacific Union as Canada and Mexico were for NAFTA and the American Union. Three former secretaries of state spoke in behalf of allowing Red China the most-favored nation status, which it received May 22, 1994. The members of this new aristocracy are doing a great job in getting the United States Congress to help implement the objectives of the Bilderberger policy decisions and to promote the one world agenda.

The three trading blocs could then be molded into one world, which the new aristocracy, the land lords of the world, would find easier to control. This, of course, would mean that the individual nations would lose their sovereignty. The drive for a United Nations Army to enforce their will is well under way. The expedition into Somalia was the first experiment in using such an army. It didn't work out quite as planned because nations still treasure their own ethnic traditions and their sovereignty. Trying to force the nations to give them up only results in more wars and basic human right violations.

The Bilderbergers

The first conference of a very select group of leading bankers, statesmen, industrialists, and politicians was held in 1954 at the Bilderberg Hotel near Oosterbeck, Holland, hence the name "Bilderbergers."

Unlike the CFR, the Bilderbergers are an international association of several hundred members from the United States and western Europe, almost exclusively the NATO countries (more recently the former Soviet Union countries and the Eastern bloc countries were invited). Here the Rothschild family is the dominant force, although the American Rockefeller influence is also very much in evidence. This is the senior policy-setting organization for the whole world, but especially for the European sector, leaving many of the American concerns to the Trilateral Commission. The Bilderbergers have vice-presidents for the individual major industrial nations.

It was the Bilderberger group that developed the plan to divide the world into three major regions: the European Union, American Union, and the Pacific Union. This was done at their secret meeting in Vouliagmeni, Greece, in the spring of 1993. In 1994 they met secretly at the Kalastajatorrpa Hotel in Helsinki, Finland. One of the main concerns at that conference was the future of Russia.

Examples of Bilderberg Decisions

During the weekend of May 11-14, 1989, on the island of La Toja off the Atlantic coast of Spain near Pontevedra, it was decided that British Prime Minister Margaret Thatcher had to be removed, and orders were given to the contingent from England to work for her defeat. The reason was that she refused to yield British sovereignty to the European superstate that was to emerge in 1992. Thatcher was later replaced by John Major.

Extraordinary steps were taken to preserve the secrecy for Burgenstock, Switzerland. Local police asked the Swiss Army to guard the hotel and protect the participants. Only the participants had access to the hotel, and a special helicopter brought them there. Preliminary reports say that the participants were not happy; things are not going their way, and David Rockefeller, who was confident that a world government would be in place by the year 2000, revised his estimate to 2002. The attendees were disappointed with the many populist movements around the world and the resistance of nations to giving up their sovereignty. In their view Bill Clinton was the “best” president they have had in a long time, and they committed themselves to do everything possible to get him reelected. They also concluded that Pat Buchanan must be stopped at all costs.

Bill Clinton, a longtime Trilateral, was summoned to his first Bilderberg meeting in Baden-Baden Germany in 1991. At their meeting in Spain in the spring of 1992 he was picked as the favored candidate for the presidency. There is an understanding among the secret groups that once their candidates are in office, they do not attend the meetings personally so as to maintain the secrecy, but they send trusted assistants to represent them. Dan Quayle in 1990 was able to attend the 1990 meeting on Long Island personally because it was just over night from Saturday to Sunday morning and could be kept secret. He came back with the instructions that American taxes must be increased. President Bush obeyed in spite of his "read my lips" pledge. This no doubt contributed to Bush losing the election.

The Real Rulers of the World

Many members belong to more than one group. All three groups are cross-related by their directors taking part in each other's decisions and cooperating in carrying them out. For example, although it was the Bilderbergers who decided to "retire" Margaret Thatcher, it was the Trilaterals who more recently did the same to Japan's prime minister Morihiro Hosokawa. They were "uncomfortable" with him and unsure that he was "reliable." His "retirement" took place on April 8, 1995.

These new aristocrats are the real political and financial government of the nations of the world. Some call them the shadow government, but actually it is the democracies that are the "shadows," a status volunteered by President Wilson for the democracy of the United States.[2] They are so vastly powerful that the very thought of their dominant position in the world tends to intimidate ordinary citizens. Through their conglomerate of debt-based money systems they control and dictate the finances and politics of the 178 nations of the world that belong to the International Monetary Fund and the World Bank with their parental ties to the Federal Reserve System and the central banks of the world.

The new aristocrats look upon ordinary citizens pretty much as the aristocrats of Washington's day did—as a mob of largely ignorant people who don't know what is good for them and are not capable of governing. They believe it is up to them, the “elite,” to determine the agenda and govern us.

Yet, as the last conference of the Bilderbergers at Burgenstock, Switzerland, and the Copenhagen, Denmark, meeting of the Trilateral Commission show, they are vincible. They are depressed by the current nationalist mood of America and the resistance throughout the world of nations trying to defend themselves against the threats to their sovereignty, which they perceive as coming from the one world government notion. In other words, the land lords of the world are vulnerable when large enough numbers of ordinary people get involved in protecting the freedom and ethnic identity that come with national sovereignty. From the time of Paul Warburg's drive to pass the Federal Reserve Act in the United States, the new aristocrats have lived in fear of the people, whom they have thus far managed to manipulate and deceive, just as Warburg said they would.

The 2002 Meeting of the Bilderbergers took place at the Westfiellds Marriot near Chantilly, VA. Guests calling for reservations were told there was a wedding and rooms could not be booked. Just before the meeting this sign went up. “Attention, Westfield Marriot will not be accessible to the General Public from May30th - June 2. Thank you for your cooperation.” The meeting was highly secretive like always. But the tight security is always breeched a bit and the European media carry some news about what went on, but not a word from the American media. Why all that secrecy? For the same reasons that people are secretive and hide when they’ve been up to mischief. Paul Warburg warned the Federal Reserve Board to be secretive, not give any reports, for fear of politicians.

What happened at the Westfields Marriot meeting this year? The Bilderbergers pursue their drive to establish one world government with them in control. They already established a World Criminal Court which claims jurisdiction to try anybody in the world without trial by jury or recourse to any higher court. President Bush refuses to accept this for the United States, but was given to understand that would not make any difference. They are almost at the point of imposing worldwide taxes. Bush opposed that too. They have put together a Charter for World Governance which former President Clinton had signed. The whole agenda warned against in the first book Land Lords of the World, are on target and taking shape, with minor setbacks. President Bush was named the worst U.S. President they had to deal with. We are closer to living under a Godless, socialistic dictatorship than most people think.

The Land Lords' Agenda

The following are major points in the agenda of the new aristocracy:

1. Dividing the world into three major economic regions, the European, American, and Pacific Unions. The European Union has already been established.

The next priority was to get the American Union going by adopting NAFTA. David Rockefeller, in his capacity as a policy leader in the Bilderberg group, announced that he fully expected that NAFTA would be extended to the Western hemisphere by the year 2002.

The third step is to start moving toward the Asia-Pacific Union. That was the top priority of the 1994 meeting. Former presidents, (Trilaterals Carter, Reagan and Bush, and Bilderberger, Ford), did well following the orders of these land lords of the world. But none of them was as bold and open in carrying out their agenda as President Clinton. Going to Seattle on November 19, 1993, to start promoting the Pacific Union, Clinton told those present that he would disregard any restrictions made by Congress on placing American soldiers under foreign commanders, despite the fact that such restrictions had already been added to the defense appropriation bill he had signed into law. As reported by the news media, Clinton said: I construe it as not restricting my Constitutional responsibility and authority as commander in chief, including my ability to place U. S. combat forces under the temporary tactical control of a foreign commander.

2. Installing a global U.N. army to give the U.N. enforcement power.

3. Forcing so-called democracy on other nations.

4. “Helping” the new democracies by imposing debt-based money system “reforms” through the World Bank and the International Monetary Fund. Those nations' economies must be able to pay the interest on the debts that are created for them. In addition, they must provide a market for our industry and pay for their purchases with their raw materials and agricultural products at whatever price our big monopoly corporations choose to give them—a new colonialism!

Finally, they must not be allowed to develop industries or infrastructure or increase their populations. This would make them too strong and a threat to our national security at some distant future time.

This is not just idle speculation, as the *NATIONAL SECURITY STUDY MEMO 200* of 1974 makes clear.

The Memo NSSM 200

All the above policies have been adopted by the new aristocracy and are being promoted constantly. In 1974 a detailed secret plan to limit world population growth was drawn up by the U.S. State Department, then headed by the Secretary of State Henry Kissinger, a prominent Trilateral and member of the Council on Foreign Relations. The document was dated December 10, 1974, and consisted of 198 pages of typewritten text. It was called the *NSSM 200* (*National Security Study Memo 200*) and was immediately classified as a secret National Security Council document. It was declassified on July 3, 1989, and made available to the public at the National Archives in Washington.

In its 198 pages the document goes into very specific procedures for keeping certain nations and their populations weakened economically, militarily, and by limiting their growth, so that they will not present a "threat to the national security." Thirteen developing nations having strong growth patterns are targeted in this document as the ones in which these policies are to be implemented. They include Brazil, Iraq, and other Latin American and Asiatic nations. Keeping this in mind will help us understand the four billion dollars spent last year to promote contraception and abortion in those nations, especially the sterilization of half of Brazilian women, and the Desert Storm operation in Iraq, with its subsequent starving of a quarter of a million people, many children. It also illuminates why through economic sanctions and the delaying tactics in responding to Bosnia and rest of the Balkans' call for assistance in defending themselves and their sovereignty.

Jacqueline R. Kasun, professor of economics at Humboldt State University at Arcata, California, says of the policies detailed in this document: "There was no backward movement on the commitment to these policies. It's always been forward. Because the groups that are behind these policies are extremely powerful and very well financed and they have, above all, very important connections in Congress.[3]"

NOTE: The names used throughout this chapter are illustrative only to show how the three branches of the land lords of the world are involved in the affairs of our nation. The offices held by them may be held by someone else when this book is published. That is irrelevant to the theme of the chapter. The source for updated information is given in a footnote at the appropriate place.

Notes:

1. For a copy of the CFR Annual Report, which includes a list of current members, write to the Council of Foreign Relations, 58 East 68th Street, New NY.10021. Members who do not wish to have their names listed, however, may have them omitted. How many of these unlisted names exist is unknown.
2. See “The Great Deception” in chapter 12
3. Jacqueline R. Kasun, The War Against Population: The Economics and Ideology of Population Control: Ignatius Press, Harrison, NY 10528, 1988.

A World Held Hostage By Debt

Chapter 10

Centuries of Prosperity With Debt-Free Money?

Debt-based money, the kind we have in virtually every nation in the world today, is the worst kind of money because it is an instrument for looting the economic resources of every nation where it is found. There has been money used by nations, including our own, that, with reservations, could be classed as honest money. It was the money based on gold or some other commodity. Used honestly, this type of money served the needs of commerce quite well for centuries. But in all nations where it was used, it proved to be a very efficient tool for concentrating the true wealth of the nation into the hands of the few.

Those few were the merchants and their bankers in the fifteenth and sixteenth centuries. They would gain a monopoly ownership of a commodity, preferably one the ordinary people would find difficult to acquire, like gold. Then they would monetize that commodity and with power that this money gave them would become the real rulers of the nation.

The use of commodities or specie as money brought down nations in ancient times as well as in modern times. All kinds of things even animals were used in different nations as a medium of exchange of productive human effort. In ancient Greece, for instance, in 1194 B.C.E., oxen were used for money. The golden armor of Glaucus was valued by Homer at 100 oxen. To buy such armor, one first had to raise or earn the 100 oxen. It wasn't gold that bought the oxen, but the other way around. Coins of cheap metal, more easily available to the ordinary citizens than oxen, were used later on, and whenever that happened the people prospered.

The money lenders always fought against using cheap and plentiful things as money because they could not control the supply; it was easily available. They wanted something rare to be used, which they could get their hands on but ordinary citizens would find difficult to acquire. The people would then have to borrow that money from the lenders at interest, and work twice as hard to repay both the loans and the interest.

So our modern specie-based or debt-based money systems are nothing new. It is the same story that has been repeated over and over. Citizens have at times been given good and wise direction and beneficial laws have been proposed. But, for the most part, they did not understand what was proposed and failed to cooperate with their patriotic leaders to get the laws adopted. Citizens today behave much the same.

By 595 B.C.E. in Attica the money lenders had succeeded in destroying the people's cheap money, as they usually do when the people get careless and uninvolved. In the end the money lenders owned almost everything, with the people in debt to them and a mortgage stone at the corner of nearly every piece of land. It sounds very much like what has happened and is happening to thousands of farmers in the United States today. On the verge of violence, both parties in Attica agreed to have the philosopher Solon arbitrate the matter.

Solon drew up a code of laws, which he said would save Attica from bloodshed and ruin, provided all accepted and obeyed them. First, he abolished all interest. The money lenders naturally refused to accept that. The people, foolishly hoping they might get to charge interest and get rich too, turned this proposal down. Although Solon managed to save Attica from violence and ruin with other changes, the way was left open for the money lenders to regain their privileged position and impoverish the citizens again. The reform—as with our own attempts in the United States to reform the money system—stopped short of doing the job right because those who should have been helping to reform the system let their greed get the best of them hoping that if they left the system alone they might one day become rich from it too.

Croesus, king of Lydia, asked Solon if the laws he had made for the Athenians were the best that could be given them. Solon said, "Yes, the best that they were able to receive." This prompts us to ask ourselves, is the debt-based money system which holds the whole world hostage the best we are capable of receiving? Or do we have the political will and the knowledge that will make us capable of changing it to a debt-free system?

This very short historical sketch of the money situation in ancient Greece provides evidence of the inadequacy of commodities or specie as money and of its use by the privileged class to divest the ordinary citizens of the wealth they produce by their labors. In ancient Rome the story would be similar. As far as we know the Chinese history of money, it too used gold as far back as three thousand years, no doubt with resulting usury practiced by the lenders. The Chinese also seem to be the first to have used paper money. They smartened up sooner than many other nations.

The Bank of Venice
A Featured Role Model

Debt-free money is real, practical, and honest; it has been used for a long time and has always brought prosperity to the community using it, without either inflations or depressions.

The first instance in reliable recorded history where bills of credit were successfully used as debt-free money was in the city-state of

Venice. Here the government established the Bank of Venice in 1171. In order to conduct the war that it was engaged in at the time, this government was forced to issue bills of credit through its own government-owned bank in the form of tallies. The tallies could be transferred from person to person and used as a medium of exchange.

There was no specie backing this money, no promise to redeem it for anything else. But the government accepted these credit tallies in payment for all taxes due to it. This was debt-free, valid money in its simplest form. It met all the requirements for debt-free, interest-free, honest money. This brought a new dimension to the whole concept of money that enabled commerce to take a more positive turn as a factor in the civilization of nations.

The Characteristics of the Venetian System

1. Money was issued by the government's own treasury bank, giving the government full control of the volume of money and thus maintain its value.

2. Because they retained their value, the bills were a good vehicle for storage of wealth. They were preferred to coin by a premium of 20 percent.

3. The bills were not subject to be redeemed in any specie or commodity over which speculators could gain monopoly control.

4. This money did not create a debt for the government nor one that would be owed to any private banking institution.

5. Bills were accepted by the government in payment for taxes and all other payments due to the government. (This is essential both to make the money legal tender and to enable the government to control the

volume and value of money in circulation.)

6. As far as deposits by the people were concerned, the bank paid some interest on these for the first three hundred years. Interest was abolished completely in 1423. With the value of the money being stable, the people were satisfied to have the bank keeping it safe for them.

How Long Did the Bank of Venice Last?

It survived 641 years! What were the results? The inhabitants were happy; there was no depressions, no inflation, and not a single panic.[1]

The Bank of Genoa, another city-state bank, was established a little later, operated by the same principles as the Bank of Venice. It was the first bank of record to issue bank notes, as the private Federal Reserve banks do today. The difference was that they were Bank Notes issued by a government-owned bank, not by a privately owned bank like the Federal Reserve Notes we have today.

These two city-states, along with Florence, were the financial centers of the world for many years. Operating as they did, they provided the people with a dependable and honest medium of exchange and kept the money lenders at bay. It was *not* a system that would give a few people much of a chance to become a rich and a privileged class at the expense of the general public.

Until the Merchants Took Control

But beginning in the fifteenth and sixteenth centuries, the merchants of Europe began to gain influence with the ruling classes. By mutual favors they promoted the use of gold as specie to be used as money in their commerce. The Rothschild family bankers were the leading promoters of this.

By 1609 the search for gold was in full swing throughout the world. In that year the first private commercial bank was established in Amsterdam, the center for the commerce of the day. Gold was king. It was adopted as the specie backing for the bank notes. On that basis the bank served commerce quite well and profited handily from the interest charged on its loans for almost two hundred years. But eventually greed took over. The bank lent more than the specie it had to redeem its notes and deposits, an example of how the fractional reserve idea gets into the blood when greed takes over. The bank failed in 1790, the first banking institution issuing notes on a specie basis to fail.

The Bank of Hamburg, founded in 1619, operated the same as the Amsterdam Bank but was a bit more conservative and did better. With these two banks under good government control Holland grew rich and prosperous and avoided panics. These banks did not give the money lenders quite the freedom that they wanted, so they moved onto London, where the moneyed merchants and bankers were in full control and on their way to acquiring greater riches through their now well established money system based on government debt. That was the new and totally dishonest dimension in banking legalized by King William III in 1694 described in Chapter 5.

Prior to that sad date, England also had an ingenious debt-free money system similar to the ones in Venice and Genoa. It had been adopted by Henry I in 1100. This early English money consisted of tallies made out of wood with no intrinsic value and no specie backing. But they were accepted by the government in payment of taxes and all other dues, the essential requirement to make them legal tender. England also prospered using these tallies as money and avoided panics for almost six hundred years, until that fateful day in 1694. With the advent of the government debt-based system, the nation was soon plunged into depression and unemployment.[2]

Debt-free Money in America

There was debt-free money in America from 1690 to 1720 in the Colony of Massachusetts and in the other colonies. Beyond that there were just a few short interludes with debt-free money in America; the rest is a story of panics, depressions, and inflation with debt-based money controlled and manipulated by the financiers.

In 1861 President Abraham Lincoln persuaded Congress to issue debt-free and interest-free money in the form of greenbacks in order to finance the Civil War when the bankers wanted 24% to 36% interest for their money. That story is in the next chapter.

Recent Examples of Debt-free Money Performance

While some of the older examples of the use of debt-free money lasted for hundreds of years, the more recent ones have been of short duration. There are a number of reasons for this. One reason is that the land lords of the world are more numerous and more alert to new opportunities for profit and extending the number of hostages they would hold by their monetized debt. They are quick to see the profit potential in an emerging nation enjoying prosperity. This happened in the case of the colonial history of our own country. When the colonies prospered after creating their own money the Bank of London cashed in on this wealth as we saw in Chapter 7. It did not let the nation become an example of greater prosperity and freedom from debt. This would be a threat to the Bank's privileged position.

Today the International Monetary Fund and the World Bank are doing the same thing to the Eastern European nations as they struggle to build their economies after the breakdown of Communism.

The State of Guernsey

Guernsey, one of the Channel Islands off the coast of France, is an area of fewer than twenty-five square miles. It depended on income from military occupation during the war of 1812-14 between England and France. The island was self-governing and had a parliament called the State of Guernsey. Its total population at the end of the war was between six thousand and seven thousand. The money in use at that time was the bank notes of the Bank of England, since the island belonged to England. But with the end of the war, England had no more use for Guernsey and the supply of Bank of England notes dried up.

With no money as a medium of exchange, practically all economic activity and employment came to a halt and the people faced starvation. The island had abundant natural resources, building stone, and other materials and good farm lands, but its infrastructures—the harbor, roads, and buildings—were in disrepair and unusable. The only passage across the island was a rutted road about seven feet wide, barely passable by an ox cart.

Neither people nor their previous governors had faced such an extreme situation before. Now they became aware of political and economic issues and began thinking about how to solve their problems. A committee approached the governor to ask his advice on how to get money to hire people to build a market house, which they needed badly. He knew that it is the state's sovereign prerogative to provide the money for its citizens, so he suggested that Parliament issue sufficient money based on an honest estimate of the cost of the market house as a Credit to be paid out into circulation for the construction of the structure. The new market house was completed and opened on October 12, 1822.

The paper money issued would be accepted by the government in full payment of taxes with the guarantee that the money could be retired and canceled after two years, if necessary. This made it full legal tender, and it was accepted by everybody. As the new currency was paid out into circulation, it expedited the exchange of goods and services of the citizens so successfully that other issues of money were brought out for other public works. Roads, schools, and other markets and businesses were built.

A small liquor tax, rentals on stalls in the market and other buildings and increased maritime trade produced enough revenue to support the government with very little or no taxation. The population doubled with the advent of this prosperity. There was no bank on the island to challenge the legitimate creation of the citizens' money by their sovereign government. The great prosperity and high standard of living was taken advantage of by international bankers who then entered the picture, but the government still exercises much control over its money.

The Singapore Miracle

The total land area of Singapore is almost ten times that of the State of Guernsey. It comprises an island and fifty-seven islets off the coast of the southern Malay peninsula and is linked to it by causeway. It became an independent nation on August 9, 1965. A Singapore government spokesman described conditions there prior to its independence: It had no natural resources. Crime was rampant, secret criminal societies had considerable power, prostitution and drug addiction were widespread. The country was poor, its slums notorious. [4]

Sixteen years later, in 1981, scholar Dr. Martin A. Larson visited Singapore to learn firsthand the facts about what was already being called Singapore's economic miracle. What he found was a modern civilization, with all cultural amenities.. . . Almost everyone had modern housing; and those who retire enjoy generous pensions without any cost to the younger and producing generations. Furthermore, there is almost no public welfare; out of 2.5 million, only 12,000 receive such largess. [5]

Bringing the information up to date, the Cox News Service in April 1994 noted: “Not quite 30 years after gaining its independence, Singapore has risen from the malarial and crumbling remains of a weary colonial outpost to become the unchallenged pearl of Southeast Asia. Its residents' average income is second in Asia only to Japan. Fully 84% of Singaporeans own their own homes and more than half own stocks. But Singapore has refused to accept rising crime.” What the People's Action Party, which is still in power today, has accomplished corroborates the report by the Cox News Service. “The result has been astonishing, Holburt says. “Singapore is one of the safest cities on earth and its people among the most prosperous. [6]

Leslie Lengel, who accompanied her husband to Singapore, reports that it was as though they were living out a fantasy from another world. “I love it,” she said, ticking off the attributes that invariably seduce first time visitors to this city-state: its squeaky clean streets, orderly traffic, friendly cosmopolitan inhabitants, and most of all the near-to-total absence of crime. “It's a wonderful experience. . . . We feel very safe.” [7]

Stories in the media do not recount this success story. Instead, they report something “negative” about Singapore, such as the strict controls on crime, drugs, news media, money, and so on. The land lords of the world look on such a healthy economy as a threat to their own debt-based money and banking system.

Dr. Larson tells us what he learned on his visit:

1. There is no such thing as fractional reserve banking in Singapore.

2. All currency is issued by the government and is redeemable either in specie or in bonds. Even though specie is used, it is strictly controlled to prevent abuse.

3. The government, not a central bank, is responsible for fiscal policies.

4. There is no government debt, debt-based money system, or government interest payment to a banking institution.

5. Generous interest is paid to private bond holders.

6. Deficit spending is forbidden.

7. Retirement funds are put to work to build and upgrade infrastructures.

8. The money system is a genuine debt-free system.

The results of the honest debt-free monetary system instituted in Singapore can be realized anywhere. There is, of course, much more to the Singapore story that is not given here. For example, the financial services help with the building of infrastructures and industry in their neighboring countries, as reported by *The Wall Street Journal*, are nothing short of fantastic.

Criticism from the land lords of the world, who try to discredit this story, says, Yes, maybe it worked in a small country, but it won't work in a great industrial nation. ***The contrary is true. What works in a micro-economy will be both intensified and multiplied in the macro-economy***. The same causes will produce the same effects on a bigger scale. We have considered that aspect in Chapter 3, and we have seen the truth of that observation verified by comparing the results of the State of

Guernsey's experience with those of Singapore, which is almost ten times bigger. Think what a debt-free money system could do for the United States!

Modern Germany

In Germany after World War II, industry and agriculture were devastated and in ruins. It was stripped of all its movable assets, gold, fuel, and so on. A quarter of its homes were destroyed. Famine and hyper inflation added to the people's misery. Konrad Adenauer and his finance minister Ludwig Erhard went far beyond what Lincoln did (next chapter).

They took away the central bank's power to create fractional reserve money and gave the people debt-free money created by the sovereign power of the government, based on the only value they had, land. Within six months inflation was cured and the stage was set for its "economic miracle" of the 1950s. Debt-free money worked even better in a big country than it did in the small ones described above. The results lasted even after the financial land lords regained power over money creation when the political leaders of Germany let down their guard. This is the reason why The Model Bill for Congress in Chapter 23 insists so strongly on provisions that would prevent private banks regaining that power once it has been taken from them. This Model Bill will repeal the Federal Reserve Act of 1913 which gives the private banks power to create money and will restore the power to the United States Treasury. In a word, passed by a simple majority vote in Congress it will give our country Debt-free Money and Banking. It will replace the private Federal Reserve Central Bank with the United States Treasury as the nation's Central Bank. Instead of borrowing money from a private bank and paying billions of dollars in interest on it, the government will have its own debt-free money, and the citizens will have $billions less tax to pay besides other fantastic gains described in Chapter 25. Please review Chapter 7.

Islamic Banking and Money

It will come as a surprise to many to learn that the nearest thing we have in the world today to Debt-free banking and money is Islamic banking. This a new development in banking. So far the whole banking system in both Iran and Pakistan has been islamized, not calling it Islamic, but simply taking our debt-based banking and money system and applying islamic teachings on interest to it. Besides the islamic banks in Iran and Pakistan there are about thirty Islamic banks in operation in other parts of the globe.

Here are some of the characteristics of the Islamic system of banking and money, as I have been able to ascertain, in comparison with the United States Treasury Debt-free Banking and Money System proposed in Chapter 23:

1. In the Islamic system it is still the banks that create the money by lending, not the government Treasury. In fact, Islamic teachings make it obligatory for the banks to create all the money for the nation's needs and development.

2. However, this lending is not defined as a loan that creates a debt for the borrower and incurs a predetermined interest owed to the bank.

3. Rather it is a Partnership between the bank and the borrower. If the borrower succeeds creating wealth with the loan, they both share in the new wealth that is created. If the borrower fails, the bank assumes its loss as its part of the risk both have taken.

4. The money is created for productive purposes only and enters national circulation as the medium of exchange.

5. It is the bank's responsibility to keep the volume of money in balance with value produced and stable. No use of fractional reserves is involved. No bailouts are necessary because the banks profit only when the borrowers do.

6.No hostages are taken by Debt Creators.

This looks like a Banking and Money System that is far superior to what we have in most of the world. It may even be more advantages to have these Islamic central banks control the Money System keeping it away from politics. But, in an imperfect world dominated by greed, not all islamic nations agree to these principles. Some, like Egypt, find scholars to interpret their teachings to allow western greedy debt-based ways.

For over 20 years I have been fascinated by the courage and performance of Dr. Mahathir Mohamad, the Prime Minister of Malaysia in facing up to International Bankers and saving his country from the total domination by the International Monetary Fund and World Bank. He has delivered the Keynote Address for the inauguration of the Islamic Financial Services Board on "Reshaping the International Financial Architecture for Balanced and Stable Growth."

The Address is inspirational and gives much more information than presented here. The objective of the Islamic Financial Services Board is to free the World from the slavery to Debt, the same objective that this book has. His Address prints out to 7 pages. None of the introductory information given here about Islamic Banking is from his Address. You have a real treat waiting by visiting their Web site. The Address can be found at the following address:
http://www.ifsb.org/preess_full.php?id=85&submit=more

Notes:

1. Stephen Colwell, *Ways and Means of Payment*, 1965 reprint of 1859 ed.

2. David Devant and Nevil Maskelyne, *Our Magic*, 1982 reprint of 1946

edition, and Jonathan Elliot Funding System of the United States and Great Britain, Notable American Authors Series. 2 Vols. 1992 Reprint of 1845 edition, 1299 pp.

3. The details in Chapter 7 and the very significant Mixt Money Case Decision of 1804 are worth reviewing at this point.

4. Quoted by Jonathon Holbert, the Wall Street Journal, March 28,1994

5. Martin Larson, Spotlight, September 21.1981

6. Holbert, see no 4 above

7. Quoted by the Cox News Service.

Chapter 11

Creators of Debt
Take Over Our Nation
and the World
and Hold them Hostage (1862-2003)

Establishing the First National Bank of the United States in 1791, as we saw in chapter 8, was a major breakthrough for the international bankers. But it did not turn out to be a complete victory. The Constitution of the new nation, the United States of America had just been ratified and announced on July 2, 1788.

For the sake of unity the sovereign states had surrendered their power to issue money to the new sovereign nation. The Constitution reserved this power to the Congress, the legislative body representing the citizens of the new nation in Article 1, Section 8, Clause 5. On September 11, 1789 Alexander Hamilton was appointed secretary of Treasury. As Secretary of Treasury, it was his duty to implement the money issuing power of the government to create all the money it needed without owing interest to any private banking corporation. Instead, in December of 1790 he presented a plan for his own private "National" bank to create money and lend it to the government at interest. He maneuvered members of Congress to charter his Bank in 1791. See chapter 8. He justified his action by claiming that the Constitution implied that Congress had the authority to delegate its power over money creation. The issuance of money is the prerogative of a sovereign nation. Delegating sovereignty to private banks makes Congress guilty of treason, and makes the citizens hostages to the debt the new sovereign banks create. A Constitution was adopted purposely to define powers for all equally, not to let some people imply whatever they want it to mean.

The states seeing all this happening continued to charter state banks and issue their own bank notes, which were used as currency, along with those of the new so-called national bank. So, the First National Bank was not yet in total financial control of the whole nation, and the bank's very existence was challenged and opposed by great masses of the population. There ensued a battle royal for the next seventy-two years. It took place between the Federalists who represented the international banking interests and the local merchants on the one side and the and the Democratic Republicans on the other. They stood for the nation's ordinary property owners and the general population. Thomas Jefferson was their leader while Alexander Hamilton headed the Federalists. The National Bank Act of 1863 gave the bankers greater control, fifty years later they finally achieved total control of nations banking through the Federal Reserve Act of 1913 leading to total financial control of the world. (Chapter 12).

Thomas Jefferson

It appeared at times that the people were going to win. They had the advantage when Thomas Jefferson was elected president for two terms. Following the same principles and convictions that he expressed in the Declaration of Independence, even with Hamilton's Bank already there with a twenty-year charter, Jefferson established an honest, wise and economical government that would be a model for future presidents to follow. He believed that government should meet fully and promptly all its obligations within its own generation and **not impose heavy debts on future generations.**

Instead of burdening the people with new taxes, through prudent and frugal management he abolished all internal taxes; he dismissed all the officers who had administered and collected them; his Secretary of the Treasury, Albert Gallatin, reorganized the national finances; and so, with only one-half of the former income, he and Madison in ten years reduced the public debt from $83 to $45 million. This was an accomplishment without parallel in the history of modern governments.[1]

Lincoln's Greatest Blessing,
Debt-free Money

During the Civil War armies and the navy had to be maintained. Wars have always been great occasions for the international bankers, because under the debt-based money system, both sides of the conflict can be forced to borrow money from them to finance the wars. This always adds to the nations' debts and the bankers' stock of bonds bearing interest. Wars bring untold devastation of human life and resources for the citizens at large but great profits for the big banks and munitions makers. The additional bonds also mean that the children and grandchildren will have taxes to pay for many generations to come. This is all inevitable unless the people choose to change the debt-based money system.

When President Abraham Lincoln and his Secretary of the Treasury, Salmon P. Chase, applied to the bankers and lenders of New York City for loans to pay his army and carry on the war, the bankers wanted 24% to 36% interest, payable in gold. Lincoln and Chase refused to borrow on those terms; they were then told that “if the government didn't want the money at that figure, why, they [the bankers] could loan it the Southern Confederacy.” [2]

Very much disturbed and worried, Lincoln sent for Col. Dick Taylor, a close friend in whom he had great confidence. Lincoln asked Taylor for advice on how to solve the problem of financing the war. The recommendation Lincoln received is clear from a letter that Lincoln wrote to Taylor acknowledging his services:

> My Dear Colonel Dick:
>
> “I have long determined to make public the origin of the greenback and tell the world that it is Dick Taylor's creation. You had always been friendly to me, and when troublous times fell on us, and myself surrounded by such circumstances and such people that I knew not whom to trust, then I said in my extremity: ‘I will send for Colonel Taylor; he will know what to do.’ I think it was January, 1862, on or about the 16th, that I said so; you came, and I said to you: ‘What can we do?’ Said you, ‘Why, issue Treasury notes bearing no interest, printed on the best banking paper. Issue enough to pay off the Army expenses and declare it legal tender.’”
>
> Chase thought it a hazardous thing, but we finally accomplished it and gave the people of this Republic THE GREATEST BLESSING THEY EVER HAD — their own paper money to pay their own debts.
>
> It is due you, the father of the present greenback that the people should know it, and I take pleasure in making it known. How

many times have I laughed at you telling me plainly that I was too lazy to be anything but a lawyer.

Yours truly. A. Lincoln[3]

With the help of Thaddeus Stevens, Chairman of the House Ways and Means Committee, Lincoln was able to persuade Congress to pass the Legal Tender Bill of 1862, authorizing the issue of the debt-free money. The U. S. Treasury then issued United States notes printed with green ink. Because of this they were called greenbacks. They were not redeemable by anything except other greenbacks; no gold or silver was promised because the Treasury didn't have any. What made them sound debt-free money and full legal tender was the Act of Congress and the inscription on each bill: **"Legal Tender in Payment of All Debts, Private and Public, Including Taxes."** The first issue was $150 million, which was sufficient to pay all soldiers and to provide for all current needs of the army and navy. No taxes were needed and no interest was due to the bankers. The people accepted the new money that was paid into circulation gladly and at full dollar value.

International Bankers Alarmed

Shortly after the United States issued the debt-free greenbacks to help finance the Civil War, the bankers of England became greatly alarmed at the threat this raised to all international Bankers. When they saw that this money was working very well, their controlled newspapers sounded the alarm throughout Europe. *The London Times*, for instance, wrote: **"If that mischievous financial policy, which had its origin in the North American Republic during the late war in that country, should be 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 of all countries will go to North America. That Government must be destroyed or it will destroy every monarchy on the globe."

A Retort to that Editorial

Which Government must be destroyed? The American government that will **"furnish its own money without cost,... pay off its debts and be without debt...,have all the money necessary to carry on its commerce, and will become prosperous beyond precedent in the history of the civilized governments of the world. The brains of all countries will go to (that country)"**. Should that government be destroyed? Or should it not be **"every monarchy on the globe"** creating debts and poverty by which its debt-based money oppresses their citizens with debt and poverty? Please read Chapter 25 for a more complete Vision of the Consequences of Debt-free economics than the London Bankers unwittingly have given us in the editorial.

Please note these points in the above editorial:

1. The source of the editorial was the international bankers, whose whole life was money and debt. They knew what they were talking about.

2. For a government to create its own money was "mischief" for international banking; it threatened its very existence.

3. If such a government created money system were to become established, the country would prosper.

4. Problems with deficits and the national debt would be solved.

5. All other countries would lose their talented people to such a country, or, more likely, would want to institute a similar system. The editorial appealed to the European rulers, indebted to the international bankers, to destroy the government that dared to use such a system. The bankers knew that if the rulers followed the example of the United States, they too would get out of debt. This would destroy, *not* their own nations, but them, the international bankers. That's what they were alarmed about.

It is significant that the editorial never mentioned the word *fiat* or inflation. The London bankers knew better. Their own notes were fiat money too.[4] That editorial, coming from international bankers who understand the nature and functions of money and debt perfectly, is a superb witness to the validity of the case for Debt-free money presented in Chapter 23.

Responding to the Emergency

Alarmed that Lincoln intended to make this debt-free money permanent, the bankers hurriedly convened a meeting at Washington, D. C. just four days after the passage of the Legal Tender Act. Bankers from New York, Philadelphia and Boston were present. Their purpose was to plot emergency legislation to stop Congress and Lincoln from getting too far with issuing money the bankers could not control.

They invited the Senate Finance Committee and the House Ways and Means Committee to meet with them in the office of Secretary of the Treasury on January 11, 1862. They then stayed on in Washington conferring with Secretary Chase and mobilizing their forces, lobbying, bribing senators and congressmen, and harassing and ridiculing Lincoln—all the usual tricks they had used before and continue with their ever increasing power to use to this day.

When Lincoln's Legal Tender Bill came up with the request for an another issue of $150 million in greenbacks, it was passed and signed on February 25, 1862. Lincoln got this and one more similar request from Congress, but *with a* ***big surprise***.

An ***Exception Clause*** was added on the reverse side of all greenbacks from then on. The whole printed endorsement now read: **"This note is legal tender for all debts, public and private, except *duties on imports and* interest on the public debt*, and is receivable for all loans made to the United States."*** The Act of March 3, 1863, authorized a third issue with the same restrictions.

This was the bankers' emergency solution. With that exception clause the newly issued greenbacks were no longer full legal tender. The people didn't notice the difference, but the bankers did. With that change, the government would not accept the new notes from the people in payment of taxes or duties on imports that were then in effect, and the banks would not accept them from the government in payment of interest on its bonds. In other words, now the bankers could tell the people the greenbacks were no good. Naturally, they would not tell them that they were the ones responsible for putting that exception clause on the back of the greenbacks.

So, the bankers told the people the new money was no good, but, since the people had it on their hands, the banks would accept it from them in exchange for their bank notes—at a discount. The banks would give the people 35 cents on the dollar. But why would the banks want that money at all, if it was no good? Would they be accepting a loss of 65 cents on the dollar?

No, they had also made plans to cover that situation. They were going to make an immediate profit of 65 cents on the dollar. Remember, the exception clause also said, "*and is receivable for all loans made to the United States.*" So, while the government could not use greenbacks to pay its interest bill to the bankers, the banks could use greenbacks *at face value* to buy more government bonds on which they could draw more interest. Thus the bankers turned the situation to their advantage increasing their profits with every move, assuring the government of more debt and citizens of higher taxes.

The Confidential Circular
from Number 3 Wall Street

While things were now going their way, with the threat of the greenbacks averted, the big bankers wanted to improve and consolidate their position and make it more permanent.

Concurrently with their plotting of emergency action they prepared legislation for Congress for a new, permanent, privately owned banking system of national banks. A "Hazard Circular" was prepared and issued by Ikleheimer, Morton, and Vandergould of New York City to their **"friends and clients."** The bankers requested that the circular be regarded as **"strictly confidential."**

The Circular spelled out in detail the great potential for profits that the new Banking Act bill would present for them. The message is introduced in these words:

"The great debt the capitalists will see to is made out of the War [the American Civil War] must be used to control the value of money.(That is the main reason why we have wars today.) To accomplish this, the government bonds must be used as a banking basis. It will not do to allow greenbacks, as they are called, to circulate as money any length of time, as we cannot control that, but we can control the bonds and through them the bank issues".[5]

Bankers were called upon to contact their senators and congressmen immediately and to withhold support or lending to newspapers that opposed the Bill. Notice that while the national banks were private institutions, they still called themselves *National* in order to make the people believe they were government entities. The National Bank Act of 1863 was sponsored in the Senate by Senator John Sherman and by Congressman Samuel Hooper in the House; it was enacted on February 25, 1863.

From this experience with the bankers Abraham Lincoln learned that *"public opinion is everything. With it nothing can fail; without it, nothing can succeed."* Those are his words after he failed to get the support of Congress in his struggle for financial reform in 1863.

Results following the issue of the "Hazard Circular"

After the passage of the Banking Act of 1863 and the skillful dissemination of the circular outlining the great possibilities for huge profits from the provisions of that Act, numerous national banks were chartered between 1863 and 1929.[6] All wanted to partake in the great profits that were promised.

Depressions and Inflations

The banks were now free to use their power to create depressions and inflations, as suggested in point 15 of the "Hazard Circular." Only three years after the Banking Act of 1863 was passed, the Contraction Act of 1866 was passed by Congress. It would bring on a depression, famine, and hunger.

On December 4, 1868, E. G. Paulding, a banker and congressman from Buffalo, New York, wrote to Secretary of Treasury McCullough, asking him to carry out the provisions of the Contraction Act: **"You no doubt know, to a certain extent, you have control of the currency of the country, and I think that you will of necessity contract moderately."** The banker congressman said that there would be *"plenty of money for at least one year to come,"* but then the contraction should start. It did.

In 1866 the country had almost $2 billion in currency. By the end of 1867, there were 2,386 business failures, as opposed to 520 the year before. This continued progressively until in 1874 there were 5,832 failures, a million men out of work, wages down, and many strikes. The following year failures increased to 7,740 more; in 1876 the number was over 10,000. That year there were three million unemployed, foreclosures, riots, and starvation. The Contraction Act had accomplished its purpose. Could anything be more diabolical? The depression was a success for the money changers. They could then pick up the failed businesses and foreclosed properties cheaply with money from their debt-based money and then start a boom, inflation and depression.

The next major depression, or panic as it was called, came in 1907. That provided the financiers with the occasion for the creation of a Central Banking System by the Federal Reserve Act in 1913, which is in force today with many amendments, all giving ever fewer people greater control over all banking and reaching out to virtually all other nations. The amount of manipulation of public opinion, deceit, and corruption that went on during the last half of the nineteenth century and the first quarter of the twentieth staggers the imagination. The history of the rest of twentieth century up to the present day shows how the nation's economy has been rocked to and fro between depressions and inflations.

Historical Witnesses

The following quotations reflect the judgment of some honest and knowledgeable people in positions of responsibility:

1. Salmon P. Chase, Secretary of the Treasury during Lincoln's presidency, regretted his part in getting the National Bank Act passed. Chase called it: My greatest financial mistake of my life. It has built a monopoly that affects every interest in the country. *It should be repealed,* but before this can be accomplished, the people shall be arrayed on one side and the banks on another in a contest such as we have never seen in this country.

2. The Money Commission created on August 15, 1876, consisting of three senators, three members of the House, and three secretaries, had this to say in a report given March 2, 1877:

That the disaster of the Dark Ages was caused by decreasing money and falling prices, and that the recovery therefrom and prosperity . . . were due to increasing supply . . . will not be surprising . . . when the noble functions of money are considered. . . . Falling prices and misery and destitution are inseparable companions. It is universally conceded that falling prices result from contraction of the money volume. . . . The highest moral, intellectual, and material development of nations is promoted by the use of money, unchanging in value (Vol 1, 50-51).

3. Secretary of the American Bankers Association James Buel sent a letter in 1877 to all its members:

Dear Sir:

It is advisable to do all in your power to sustain such prominent and weekly newspapers, especially the Agricultural and Religious Press, as will oppose the greenback issue and that you will withhold patronage from all applicants who are not willing to oppose the government issue of money. . . . To repeal the Act creating Bank Notes, or to restore to circulation the government issue of money will provide the people with money, and will therefore *seriously affect our individual profits as bankers and lenders. . . . See your* Congressman at once and engage him to support our interests that we may control legislation.[7] Were not the Congressmen elected to serve their country and its citizens?

Here's How Even Small Bankers Fare

Let's take as an example a relatively small bank, not listed among the twenty-five top banks of the nation. The January 15, 1994, issue of the *Milwaukee Journal* carried this news story by business reporter Jack Norman:

Nine senior executives at Valley Bancorporation will pocket $16.3 million in cash when the sale of the big Appleton bank to Marshall & Ilsley Corp. is completed next month, according to a document released this week. . . . The biggest payment will go to Peter Platten, III, Valley's president and chief executive officer and a central negotiator in the merger. . . . Mr. Platten will get $3.3 million in cash because his job at Valley will be terminated. As an added bonus, he'll also be given enough extra money "to offset fully . . . the amount of any golden parachute excise tax owed" on the $3.3 million.

At many firms, including Valley, the golden parachutes are payable even if the executive is hired by the acquiring firm. . . . Indeed Platten will become vice-chairman of M&I at a salary of $375,000 a year plus an annual bonus of at least $225,000. . .In addition Platten will get options to buy 100,000 shares of M&I stock. Platten owns 150 shares of Valley stock, which will be exchanged tax-free for M&I stock worth about $5.8 million."

Valley chairman Gus Zuelke, 72, who will not take a position at M&I, will receive $100,000 a year for the rest of his life, along with a car, an office, and other benefits. . . .

This is just one small example of how the structured banking system works today. Recent stories in the *Wall Street Journal* publicize a certain bank giving its sixty or so top executives bonuses of $5 million each for the year in addition to salaries in the millions. One CEO was given a salary of $25 million. He was supposed to be the highest paid executive. This gives us but a glimpse of how the goals promised by that "Hazard Circular" are being met by debt-based money created by banks through the use of fractional reserves, all at the expense of the ordinary citizens. It is difficult to see how there can be any just relationship between the services these CEO's give to the community, and the services of ordinary citizens who have to produce the wealth these salaries and bonuses claim.

The Present Debt Situation Worldwide
It's Horrible! It's Outrageous!

You have read in this chapter the results that followed the issuing of the Hazard Circular have shown the Creators of Debt practicing on our own citizens how to loot and ravage a nation. Since then they have developed and perfected their procedures far beyond what they learned from the Banking Act of 1863. Now they know how to loot the economy of nation after nation and do it quickly. Just about all the top officials involved in these " modern-day robber baron" pursuits belong to at least one of the Elitist organizations, the Council on Foreign Relations, Trilaterals or Bilderbergers as we saw in chapter nine.

Here is a short sketch of how they go about doing their mischief. The Bankers loaded Mexico with debt giving the nation hope that this would help it develop its infrastructures and economy. Instead it brought high taxes for repayment of the Debt high interest, and inflation. Through the intervention of our U.S. Treasury officials Robert Rubin and Lawrence Summers, Mexico was forced to devalue the peso. This made it impossible for Mexico to repay the Banks.

It plunged the country into a depression. When the depression had run its course, industry and businesses were bankrupt, people had lost their jobs, the whole nation and its citizens suffering from poverty and violence, the bankers and other elite "investors" picked up the bargains, the bankrupted businesses, hotels, etc. for ten cents on the dollar. In the meantime, the officials of U.S. Treasury and the International Monetary Fund and former president Clinton arranged a bailout of $50 billion for the big bankers, so that the bankers didn't lose a thing and even collected 15% interest on their bonds.

Now at last the Creators of Debt hold a Tight Grip on our Nation and the World as their Hostages. There is No Easy Way to regain Our Freedom but It IS Possible if we measure up to Challenge. Read On and Learn What it Takes to Do It.

Notes:

1. Martin A. Larson, *The Federal Reserve and Our Manipulated Dollar* (Old Greenwich, Conn.: The Devin-Adair Co. , 1984)

2. Charles Bonsall, *Money, It Nature and Function* (Appleton Encyclopedia, 1861), p. 296

3. Quoted in *The New York Tribune* (December 6, 1891)

4. Fiat money is described fully in chapter 23

5. The circular is quoted in its entirety in Appendix B. It gives a good insight into the motives and operations of the international and big national bankers. It sums up all the provisions of the Bank Act of 1863.

6. Robert Friedberg, *Paper Money in the United States*, 12th ed.

(Coin & Currency Institute, 1989).7. K.C. Howe, Who Rules America (J. Cononoughy. I980 Library Edition.

Chapter 12

The Federal Reserve Banking and Money System

The Need for Reform

There is no question but that at the beginning of the twentieth century the United States stood in need of some kind of banking reform. This was recognized by legislators who were planning genuine reform using an asset-based money system. There was also a powerful faction in Congress that stood for government issue of money, as Thomas Jefferson, Andrew Jackson, Benjamin Franklin, John Adams, James Garfield, Abraham Lincoln, and even Alexander Hamilton (after his frustrating experiences with the Bank of North America and the First Bank of the United States, which he had worked so hard to establish for the Wall Street bankers).

Both approaches were thorns to the likes of Paul Warburg and the financiers. They bitterly opposed them because either one would take away their privileged position to issue money based on government debt, along with the European option to issue commercial paper, which Warburg favored.

Paul Warburg was a banker from the great Warburg banking family in Germany. When he emigrated to the United States, he was helped by Rothschild funds to purchase a partnership in the Kuhn and

Loeb banking firm on Wall Street and was eventually hired by the Wall Street bankers to help them establish a central bank.

At the time there were about twenty thousand national and state banks, stock saving banks, and trust and loan companies, with about sixty-five hundred of them issuing their own bills of credit to circulate as money. This often caused much confusion and great losses when many of them failed. So the idea of a central bank bringing order into the chaotic banking situation was in itself a good idea.

But the issue was who would create the money, own and run that central bank, the government or a private banking corporation? Warburg understood the choices clearly and said that if the Treasury created the money, it would be the central bank, which was true. Warburg's job was to help the bankers establish a private central bank, with them having the power to create money and lend it to the government.

The Federal Reserve System

There has been a lot of controversy about the Federal Reserve banking system and much written pro and con. While the original thirty sections of the Federal Reserve Act could be printed in a twenty-four-page book back in 1913, when the Act was signed by President Wilson, now the whole Act with all its amendments and changes requires more than eight hundred pages. Even the current members of the Federal Reserve Board themselves don't know all the provisions, many of them either contradicted by others or obsolete. What the Board does know is how the system works to make money for its member banks. *The Federal Reserve is the commercial bankers' bank,* a private corporation owned by them and founded for their benefit. It creates the money for the nation, lends it to the government and the citizens, and uses its banking services in the pursuit of the highest attainable profits for its member banks, especially the top twenty big banks.

Who owns the big banks is not public knowledge. It is certain that many of the owners are internationalists, but who these people are we don't know. The Federal Reserve is a highly secretive establishment and has always resisted efforts of people, including the government, to pry into its affairs or obtain information about its activities. So, complete information or accounting is never available.

At one of the recent hearings Mr. Gonzalez, Chairman of the House Finance Committee, asked Federal Reserve Board Chairman Alan Greenspan for tapes of some Board meetings. Mr. Greenspan told him, "It's none of your business what is in those tapes." The previous chairman of the Federal Reserve Board, Paul Voelcker, when asked by President Reagan for a report, replied "The Board Chairman reports to no president."

The intent of those refusals, they tell us, is to defend the independence of the Federal Reserve banks. Yet the perception that most people, even many community bankers have, is that the Federal Reserve banking system is a government agency. **That perception is totally false**. It was never intended to be a government agency. Its founders intended just the opposite—to avoid the least involvement or interference by the government while allowing some meaningless appearances of government involvement in order to deceive the public. In this they have succeeded.

The public, naturally, is confused and has abandoned trying to get to the truth. This is the way the planners wanted it to be. They knew that the people who understand the system would be too busy making money to interfere, while those who do not understand it will give up the effort. The result: nobody will bother the Federal Reserve.

Dr. Martin A. Larson in *The Federal Reserve and Our Manipulated Dollar* presents a scholarly explanation that is relatively short yet thorough and objective. [1] The book devotes 130 pages to the Federal Reserve, which is quite sufficient to give one a good understanding of the basic functions and strategies of the Federal Reserve system. Many other books provide the history and a description of the system that are more detailed but no more enlightening.

But for anyone who wants to gain a real insight into the forces that propelled the drive for banking reform, there is hardly a more authentic way than to read the words of the man who was most responsible for the directions into which the reforms were aimed and ultimately led to the passage of the Federal Reserve Act of 1913.

That man was Paul Moritz Warburg. In his monumental two-volume book of 1,750 pages on the Federal Reserve system, [2] Warburg tells his own story and the story of the evolution of the Federal Reserve system devised principally by him and under his leadership.

But Warburg does not tell the whole story. It is understandable in a book about himself and his own efforts for banking reform in our country that he would omit things that would cast him in an unfavorable light.

Paul Warburg, a central banker and immigrant to this country from Germany, was raised in the traditions of European central banking procedures, goals, and strategies. He lived and breathed in an atmosphere filled with the ambitious schemes of a banking community that would eventually make central banking based on debt and fractional reserves the powerful tools for today's bankers to use. Warburg's lucid style makes his book on complex financial issues easier to read than most books on these subjects, in spite of its length. He writes from great personal convictions, with persistence and dedication. *There is very much that one can learn from his book,* not only about the goals and structure of the Federal Reserve banking system but also about the strategies and procedures that must be used to regain for the common citizen what he obtained for the elite.

Above all, from beginning to end, *Warburg places great emphasis on the fact that the major effort must be the constant education and formation of public opinion.* Financiers and bankers found in Warburg a man of great talent, patient and shrewd, and truly brilliant in the many areas of finance and banking. But for an account of his intrigues and other sources of devious activities, which he does not relate, we must look to other sources, especially to a book published by Professor Henry Parker Willis from the University of Chicago.[3]

Willis points out that there are many very important and significant omissions in Warburg's book. Warburg does not describe all the secret conniving intrigues and deceptions that went on between him and the most powerful bankers in the United States in order to get a central bank established, one with the money-creating powers that both Congress and the people were so bitterly opposed to.

The Duck Hunting Trip
to Jekyll Island

Warburg does not even mention the secret two-week "duck hunting" expedition in November of 1909, when a group of bankers and their experts under the leadership of Senator Aldrich and Warburg boarded a bonded private railroad car in Hoboken, New Jersey, and headed for Jekyll Island, off the coast of Georgia, officially on a duck hunting trip. During that time they put together the legislation that would give them the central banking system they wanted. The bill was introduced in Congress as the Aldrich Bill on January 16, 1911, but was so clearly a Wall Street bill that it did not even make it out of committee. It was too evident that the "ducks" were to be the American citizens.

For the next three years it was up to the brilliant and cunning Warburg to help the big bankers figure out how to bypass opposition from Congress and the people and accomplish what they wanted. It would have to be done through more manipulation of public opinion and politics.

Warburg was given a leave of absence from the international banking firm of Kuhn & Loeb & Co., where he had purchased a partnership with $500,000 from his European friends, the Rothschilds. He was given an annual salary of $500,000, an astronomical figure by the standards of his day. Today this would be $6 million, which for some of our bank CEO's is 'peanuts' when their annual salary is $25 Million not including bonuses and perquisites. The bankers wanted him to devote his time exclusively to the task of creating the strategies and manipulating public opinion for the proposed central banking system.

Warburg set out at once to "educate" congressmen and other influential people and build a consensus for a privately owned and controlled debt-based central banking system to be established by Congress. He knew it would have to look like something other than a central banking system, because neither the people nor Congress were ready to accept one. They had seen what such banking practices had done in England and Europe. Warburg spent as much as seven or eight hours with each banker and legislator on an individual basis in order to garner support.

Although Warburg often claimed patriotic motives, the central banker in him never forgot to remind prospective beneficiaries from the passage of the Federal Reserve Act of the great profits, power, and control the Federal Reserve banks would give banks both in this country and in the whole world. Great profits were, of course, exactly what the big bankers were after.

We saw in the last chapter that the same greed for profits led to acceptance of the Banking Act of 1863. The "Hazard Circular" spelled out how those profits were to be made under the provisions of that banking act. But the Banking Act of 1863 failed to give the financiers a complete monopoly. The Federal Reserve Act was designed to accomplish that and also to expand greatly what was promised in the "Hazard Circular".[4]

The magic conduit through which wealth and its production are channeled into the bankers' hands is fractional reserves, as we saw in chapter 6. But nowhere does Warburg speak of fractional reserves. He does, however, express his desire to see usury laws abolished wherever they exist. This shows he was well aware of the usurious nature of the kind of banking he advocated. A big part of the book discusses the central bank as a “reservoir” for reserves, which are to be available to banks within the system, especially the smaller ones with inadequate reserves, without adverting to their fractional use.

Planning to Deceive

Because both Congress and people had been steadfastly opposed to a central bank, Warburg and his colleagues suggested that it appear as something different - a federal agency. The private Federal Reserve bank notes would be the nation's money; the government would be “merely the issuing agent.” It would print the money for the Federal Reserve banks. They would pay the Treasury for the paper, about one and three-quarter cents per bill, regardless of denomination.

This will leave the people with the impression that the government is issuing the money, because it is printing it. This plan was described by one of the principal proponents of the bill in a letter to Warburg dated August 17, 1913: “The method of providing for issuing Federal Reserve Notes was also a compromise. Mr. Glass recognized, as did others who were interested in the Bill, that the Federal Reserve Notes were really Bank Notes, and that the government was “merely the issuing agent.” The notes were to be redeemed primarily by the money furnished by the Federal Reserve banks. The statement that they ‘purport’ to be an "obligation of the government is to satisfy the radicals” (Warburg 1930, 1:680). The people and congressmen opposed to a central bank were the “radicals” mentioned.

The Federal Reserve banking system promised the country a depression-free and inflation-free economy and a stable dollar, something that what everybody wanted. However the bankers knew that a debt-based money and banking system would only create inflations and depressions they would profit from. The promises were lies. Still, they sounded good and helped to get the act passed. They were never intended to be kept, and never could be kept.

To continue with the deceptions, the Federal Reserve Bank would be divided into twelve Regional Federal Banks to avoid the suspicion of it being a central bank. In practice, however, the Federal Reserve Bank of New York, would be the bellwether that the other eleven banks would follow. Finally, calling the system *Federal* would help hide the private character of the system.

The Great Deception

The big breakthrough for Warburg and the bankers came when Woodrow Wilson was elected president of the United States. This was basically the result of manipulation of the politics of the day. Wilson not only actively assisted their deceptions but voluntarily went far beyond giving them the help they expected. He told Carter Glass that he would make the Federal Reserve notes to be issued by the Federal Reserve Banks ***"obligations of the United States."***

Carter Glass was stunned, and said:

> "**I was for an instant speechless. . . . There is *not* any government obligation here, Mr. President. . . . It would be a *pretense* on its face. . . . Was there ever a government note based on the property of a banking institution? . . . The suggested government obligation is so remote it could never be discovered.**"

President Wilson responded by saying:

> **"Everything you say is true; the government liability is a mere thought. And so, if we can hold the *substance* of the thing and give the other fellow the *shadow*, why not do it and save our bill?"**

What a betrayal of the American people and government by an American president! Three years later, after seeing the Federal Reserve system in operation, Wilson admitted he had been deceived. He then regretted what he had done: **"A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation therefore, and all our activities are in the hands of a few men. . . . We have come to be one of the worst, one of the most completely controlled and dominated governments in the civilized world—no longer a government by free opinion, no longer a government by conviction and the vote of the majority, but a government by the opinion and duress of small groups of dominant men."**

Running for a second term, Wilson said from his campaign train:

> **"The masters of the government of the United States are the combined capitalists and manufacturers of the United States. It is written over every intimate page of the record of Congress, it is written all through the history of conferences at the White House, that the suggestions of the economic policy in this country come from one source, not from many sources. The benevolent guardians, the kindhearted trustees who have taken the troubles of government off our hands have become so conspicuous that almost nobody can write out a list of them . . . the big bankers, the big corporations. . . . *The government of the United States at present is a foster***

child of the special interests."

Under the latest amendments to the Federal Reserve Act the Board can do almost anything it wishes in regard to the reserve requirements. It can accept commercial paper or foreign bonds as reserves or it can relax the lending powers of its local member banks to the point where they are unlimited, requiring zero reserves. Or it can choke off just about all borrowing by calling for 22% reserves, which the local banks may not have on deposit. This would force the local banks to call in or to refuse to renew some of their loans. There are also a number of other ways it has to restrict credit and the money supply, the principal one being the open market operations in the bond market. This always causes at least a recession if not a depression.

As an example of what happens regularly, let's take the situation of a farmer who has made payments on the principal and interest of his loan for two years. The third year the Federal Reserve has restricted the lending powers of the member banks (by increasing the reserve requirements and in other ways), causing a depression. It was a bad crop year for the farmer, and the prices for the farm commodities he did have to sell hit bottom, so he couldn't pay anything on either principal or interest. The local bank foreclosed on his mortgage and sold his property for what it could get in the depressed market. The farmer lost his whole life's investment and the family home besides. He had explained his situation to his local banker, who was sympathetic and would have extended his loan to help him save his farm, but there was nothing he could do because he was forced by Federal Reserve regulations to call the loan. If he did not, the Federal Reserve would close the bank and take it over. This is exactly what happened and continues to happen to thousands of farmers, thanks to the Federal Reserve system and its powers over virtually all banking. When it comes to the big banks, which it wants to keep alive because they are a big part of the system, the Federal Reserve makes their losses "obligations of the United States" and candidates for bailouts.

Who Benefits
from Federal Reserve Banking?

The operation of the Federal Reserve system of banking has proven, beyond all doubt, that those who create the money of a nation derive all the benefits. Some good accrues to the citizens at large. Even debt-based money brings a measure of prosperity. But the time always comes when the Federal Reserve Board chooses to contract credit and the money supply. That is done for a purpose, the same purpose for which the bankers acquired the power over the money system in the first place: private profits. To justify their actions to the public, they always claim an acceptable reason, such as "keeping inflation in check," which the public neither understands nor questions. Deception has been the modus operandi for so long that they will never give the public the real reasons for their actions.

Bankers Fear of Politics

The Federal Reserve system did not deliver on its promises during or after World War I, and was blamed for the 1929 depression. Warburg, who often expressed his fears for the bank, came to its defense, again *emphasizing its independence from government control. Yet he said it must have the support of the president* and of an organization that would fight off all attempts to endanger the system: **"The Federal Reserve System can only expect to succeed in keeping itself clean (from government control), if, on the one hand, it can count on the wholehearted protection of whomever, from time to**

time, fills the presidential chair at the White House, and on the other hand, upon the unwavering active support of the people" (Warburg 1930, 2:768).

"In addition . . . a constant campaign of education should be carried on which would tell the people what the Federal Reserve System does for them, and how desperately important it is to keep it clean and inviolate (from politicians). If politicians sense . . . attacking the integrity of the System they must fear to be wiped out at the next election, they will take jolly good care to keep their hands off" (Warburg 1930, 2:769).

In other words, the politicians, who are supposed to represent the people, must "keep their hands off" the Federal Reserve system. Indeed, the financial power of the system will ensure that they are "wiped out at the next election" if they dare to oppose the system. The operators of the Federal Reserve system put on a bold front; they are fully aware of their power. Yet they are constantly fearful that political action, which gave them their privileged position, could also take it away. And it could if informed citizens with character and courage enter politics.

It is with good reason that the Fed people live in fear. They are engaged in an operation that is grossly dishonest, usurious, and oppressive. There are now more than eight hundred organizations in our country that recognize this and are involved in different ways in moves to repeal the Federal Reserve Act. Dozens of states' legislatures are on record with memoranda calling for the repeal. The Von Mises Institute at Auburn University is a powerhouse teaching thousands of economists both in its courses and workshops the evils of Federal Reserve banking. At least ten million of our citizens are of one mind on the question. For the past 15 years the movement against the Federal Reserve system has grown progressively stronger.

What Happened to Our Gold?

We cannot close this chapter without taking note of a most devastating period of plunder of the nation's gold by the Federal Reserve. This took place during President Franklin Delano Roosevelt's administrations. The depression of 1929-1933 provided the opportune moment for the Federal Reserve system to loot the people of the gold they had earned. How did they earn it? They did it by working for the Federal Reserve notes with which they were paid, promises redeemable with the delivery of gold. The people earned the gold, but the Federal Reserve decided to keep it and not redeem its notes, as promised.

By executive order, legislative acts and many deceptive maneuvers of the international bankers, gold was taken out of circulation. In fact, it became illegal for people to own any. President Roosevelt was the very accommodating tool the Federal Reserve Board used to achieve its goals. To make it appear (in dealing with the public it is appearances that count) that the Federal Reserve didn't want any gold either, it decided to "get rid of it." How? It *sold* it to the U.S. Treasury!

The Treasury naturally was expected to pay the Federal Reserve for the gold, even though the gold rightfully belonged to it in the first place. What would the Treasury pay for it with? The Federal Reserve wanted gold certificates. So the Treasury issued gold certificates, which gave the Federal Reserve the right to claim the gold again anytime it wanted to. In the meantime, the gold would be shipped to the Bank for International Settlements (BIS) for safekeeping in its vaults in France, where the U.S. Treasury couldn't touch it.

This gold maneuver was triple plunder: first, from the citizens; then from the U.S. Treasury, which was forced to pay for what rightfully belonged to it, and third, from both through the gold certificates, which the Federal Reserve can use to get the gold back any time it suits its purposes.

A Golden Alert

The gold, to which the Federal Reserve still has a claim in the form of gold certificates, could be a trump card if the movement for monetary reform forces the financiers into the corner. They will play that card to regain their monopoly over the creation and regulation of money if they lose it through the political action of citizens. United States citizens must be *alert* to that possibility in our efforts for monetary reform.[5]

The above **"alert"** was written in 1992. As of September 1995 the Federal Reserve was in no danger from political action. But together with the International Monetary Fund and the World Bank, the whole financial system throughout the world was and continues to be in imminent danger of collapse because of its own weight. The house of cards built up through worldwide speculation in debt instruments called *derivatives*, which claim more than $40 trillion of wealth, is about ready to topple, because the wealth promised does not exist.

The financial elites are "whistling in the dark," though, publicly claiming there is no danger and promoting derivatives as good investments while at the same time unloading them on public entities (counties, pension funds, schools) that have already suffered losses of more than $3.073 billion, with total debt involving infrastructures amounting to $1.2 trillion.[6] They themselves are running for cover, buying gold, gold futures, gold stocks, and also aluminum, copper and tin.

Their food monopolies are buying up the world supplies of foods, especially the grains through the futures markets. They are playing their trump card in a different way in order to control the true wealth while letting the public hold paper promises. It is a preemptive strike at the use of the gold certificates. They want to be in total control of gold and its production before the time comes when they come to monetize it again.

President Woodrow Wilson's Summary

"A great industrial nation is controlled by its system of credit. Our system of credit is concentrated in the Federal Reserve System. The growth of our nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated governments in the civilized world-no longer a government by free opinion, no longer a government by conviction and the vote of the majority, but a government by the opinion and duress of small groups of dominant men." ~ Issued three years after he had been **"deceived"** into signing the Federal Reserve Act into law.

President Thomas Jefferson's Warning

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

Notes:

1. Martin A. Larson, *The Federal Reserve and Our Manipulated Dollar* (Old Greenwich, Conn.: Devin-Adair Co., 1978).

2. Paul M. Warburg, *The Federal Reserve System, Its Origin and Growth* (New York: Macmillan, 1930).

3. Henry Parker Willis, *The Federal Reserve System*. Reprint of orig. 1923 ed. Wall Street & Security Market Service, 1975 145.95 0-0405-07246-5. Ayer.

4. The correspondence among the Roth Brothers of London; Ikleheimer and Vandegould, bankers in New York City; and john Sherman, member of Congress from Ohio, is quoted in many good financial history books and is omitted here. However, the text of the "Hazard Circular" is given in Appendix 2.

5. Details from that reform are in Chapters 20 and 23 which include the *Review* (August 18, 1995)

Chapter 13

Debt, Deficits and Depressions

Debt Begins With Borrowing

When tax receipts are insufficient to cover budgeted expenses the U.S. Treasury borrows from the Federal Reserve banks. This puts a sovereign nation in debt to private banks. The Treasury issues bonds that oblige the government to repay the debt with interest. From then on this debt to the Bank holds the Nation hostage until the debt is repaid. If it were not repaid the nation would have to surrender some of its natural resources, like oil etc., to the Reserve banks. Where do the Federal Reserve Central Banks get the money the U.S. Treasury borrows from it?

This is the procedure: The government issues the bonds. The Federal Reserve banks monetize the bonds by entering them as a deposit credited to United States Treasury's account at the Federal Reserve Bank. The Treasury can then issue checks against that deposit to pay its bills and various entitlements, such as Social Security etc. The Federal banks clear the checks as they enter into the economy and come back to it for clearing.

The government debt and the interest obligation are still there waiting for tax payers to pay it. The tax payers are always part of the world that is held hostage by debt, but the Federal Reserve Bank is happy with that transaction. It can now use those deposited bonds as fractional reserves to make loans amounting to ten times the amount loaned to the government and collect ten times the interest it receives from the government. It always prefers to lend to the government rather than to industry or individuals. The government has the IRS to assure the banks interest will be paid. Lending to industry and individuals is riskier.

When we speak of the Federal Reserve banks, we always refer to the system which includes the 12 regional banks at the top down to the commercial banks at the local level. They all follow the same procedure as regulated by the Federal Reserve Board.

The National Deficits

For many years now the government has not been able to collect enough in taxes to avoid a deficit each year. This deficit has been roughly the size of the interest payment due on the national debt. Without the interest payments the budget would be in balance.

Sources also report that the Treasury hides the true deficit by taking credit for about $300 billion of Social Security Trust Fund surplus. Without that credit the true deficit would be that much higher. (Today's National Debt Clock tells the current amount the United States is obligated for - http://www.usdebtclock.org/)

The Clinton administration was instructed by the International Monetary Fund even before his inauguration "to increase taxes and cut the expenses." The statement was repeated a little later to the Economic Council. Naturally, the administration and its millionaire experts, who have all committed themselves to **"respect the independence of the**

Federal Reserve," with all its satellites, the International Monetary Fund included, got the message.

The IMF gave that instruction because it wanted to make sure that there would be enough money in the U.S. Treasury to pay the interest, not just on its own bonds but on the bonds of all 184 nations in the IMF. The U.S. tax payers had to be ready to bail out the nations that can't meet their payments. To guarantee that foreign bonds will be "performing investments" for the IMF, with interest paid by every country, meant that our government had to "raise taxes and cut expenses" to the bone.

Right now, our country is at war, unemployment is high and the budget situation is in turmoil. But one thing is sure, the winners in any war are always the bankers, the munition and war equipment makers. It will certainly mean bigger deficits, more debt, greater interest payments, and bigger taxes, unless Congress adopts the Model Bill to repeal the Federal Reserve Act of 1913 and replace it with a United States Treasury debt-free banking and money system presented in Chapter 23.

Whatever Congress and the administration do about the deficit and taxes, will be no more than a "band-aid" solution. Major surgery is needed to remove the root cause of the bleeding (see Chapters 20-24).

But how does it happen that the International Monetary Fund can tell the U.S. government what it must do? Isn't that one proof that we as a nation have already surrendered our sovereignty and are held hostage by Debt created by the international debt-based international bankers? Or is it a taste of life under a United Nations One World Government dictatorship?

The National Debt
Our Greatest Danger?

As of February 17, 2002, the government has borrowed from the private banking system a total of $6,121,618,342,684.54. That is an incomprehensible figure to all of us. How Much is One Trillion Dollars? To give us some idea of how much that is, we quote a feature story from the February 20, 1978 issue of the U.S. News & World Report, when the government debt was approaching a $1 Trillion National Debt. Five different measures were used to give us some idea of how much a trillion dollars is:

1. One trillion silver dollars stacked up would reach as high as 5,661,000 Empire State Buildings.

2. One trillion paper $1 bills would stretch 3.5 million miles beyond the sun, for a total of 96,907,000 miles.

3. One trillion dollars at average 1977 prices would buy 172,051,000 autos, or 18.8 years of U.S. output.

4. At 1977 prices one trillion dollars would buy 18,416,000 new houses.

5. Shopping 24 hours a day 7 days a week it would take someone 19 years spending $6,000,000 an hour to spend $1 trillion.

Granted that the last three measures need to be adjusted for the depreciated dollar. But remember the National Debt today is not just the $1 Trillion measured then, but more than $6 Trillion. (As of the re-edit of this book in 2011, it stands at over $14 trillion.) This could multiply the measures a number of times. Another comparison: **One Trillion seconds would amount to 31,546 years.** At the rate debt is growing throughout the world we will be its hostages for eternity.

The Dangers In National Debt

Thomas Jefferson, the second and best President the United States has ever had, and a role model or all future presidents, had this advice to give the nation in regard to Debt. **"I place the economy among the first and most important virtues, and public debt as the greatest danger. To preserve our independence, we cannot let our rulers load us with perpetual debt."** One rule he and Madison, his vice-president who succeeded him, followed was to have each generation pay its own way, and not leave a debt for the children.

Even though during his two term tenure as president, the Debt-based money system, which he opposed, was centered in the First National Bank. Jefferson controlled the country's debt so that in the end he paid off all government debts and kept the taxes at a minimum.

The dangers that our astronomical debt brings to the nation are seen in the deterioration of the infrastructures. There is never enough money for education and health services in our cities and in the nation as a whole. There are no big public works projects going on. The support for our highways, parks, protection of our country's borders, and immigration services is always inadequate. The Social Security System is in jeopardy and the hope that future retirees have of collecting retirement benefits is dwindling by the day.

The Treasury keeps on borrowing more than its deficits. So evidently it is borrowing more than we are told about. The national debt soared in the last 10 years from 1 trillion plus to $6 trillion. If we come to the point where the taxpayers can no longer pay the interest, the banks that own the bonds could foreclose on all the property in the nation, as was done in Greece over 2000 years ago. (Look at Greece again today.)

Could this be a preview of what to expect under a U.N. World Government? The game would then be over for the bankers as well as for the rest of the country, and we will be faced with something like what's happening in Argentina today, utter chaos. (Keep in mind this book was written in 2002.)

Should We Get Rid of the National Debt?

With a debt-based money system, the National Debt is our nation's money. It was created when the Federal Reserve banks monetized the government debt.

If by some magic we were to get rid of the total national debt it would destroy over 90 percent of our money and create a nation-wide panic. Even if we tried to pay off some of the national debt by raising taxes high enough to barely touch the National Debt would remove enough money from the economy to cause a depression. What problems would that solve? None at all.

With a debt-based money system we are perpetually dependent on the Federal Reserve banking system for our money and obligated to pay interest to it and high taxes forever.

Congress cutting expenditures would help some. There is a lot of room for legitimate cuts. The Grace Commission was authorized by Congress to make a serious study of the issue and to come with recommendations. It did its work well and its report was widely praised, but Congress failed to implement the recommendations.

But in the end, with all the social programs that people have come to expect from their government, there is a limit beyond which the budget cannot be cut. Even with the possible cuts, the end result would generally still be a deficit financed by more government borrowing, and more debt. That is the logical sequence under our current debt-based money system. There is no way we can get out of our predicament without jettisoning the debt-based money system and replacing it with a debt-Free system (as explained in chapters 10 and 23).Instead of trying to do the impossible trying to get rid of the nation's debt by paying it off, let's get rid of the money system that keeps on creating more debt,

That is possible. Then we will be able to retire the national debt gradually, without sweat or damaging our economy.

Debt Is Not All Bad

Credit is Crucial and depends on It

Two Thirds of the United States economy is based on Credit and borrowing. Credit is a very necessary part of modern society. It has spurred the growth of home improvements and ownership and eventual financial independence, so that today 76% of all American families own their own homes.

And, of coarse, there can be no performing solutions to worldwide debt and poverty without access to affordable Credit on reasonably manageable terms. Chapters 21, 22, and 23 will explore the many viable approaches to the use of Credit that are necessary for the total solution of the world's economic problems and needs.

We shall see that access to affordable credit is a very practical and necessary aspiration in our poverty stricken world. It is based on correct and valid premises that have been thoroughly tested in the real world of everyday experience in the present and in the financial histories of nations for hundreds of years. It is completely logical and scientific and fully confirmed repeatedly by the most knowledgeable financial technicians, the international bankers.

To help the poor make the dream of affordable Credit come true we need the motivation of love for the heavenly Father and for the billions of His children forced by poverty to live as orphans in a beautiful world that has all the natural resources needed for a life worthy of their human dignity. Those three chapters will show us examples of how Credit is. used to get out out of debt. This sounds like a contradiction because Credit necessarily involves borrowing and being in debt, temporarily. The important questions are. Whom do we borrow from? Who provides the Credit and at what costs? For what purpose do we need the Credit? Are we borrowing on terms that we can manage?

The Credit Code is a federal law that obliges all lending institutions and the borrowers to observe certain procedures that were designed to protect both the lender and the borrower. Failure to follow the Credit Code will incur heavy penalties.

In America the major source of Credit are the Credit Card companies serviced through the banking system. The total Credit Card debit balances for the past year amounted to $400 Billion for which the borrowers paid 14% of their disposable income. The average Credit Card debit balance per card holder at the end of the year was $8,000,which was excessive, as shown by 1.6 million bankruptcies to which it contributed.

Most of Credit that is used for consumable goods and services exposes the borrower to financial trouble, while Credit for constructive value building activities is the most beneficial. Credit is the common thread binding chapters 21, 22, 23 into a solidarity.

Foreign Nations' Debts
The Major Cause of Their Poverty

Foreign debt has been defined as "the symbol and specific instrument whereby world resources and economic growth are controlled by International Monetary Fund and the World Bank," currently 184 nations are members of these two financial organizations.

The nations accepting loans from these institutions no longer have any real sovereignty and control over the community relationships of their own citizens. They must accept certain "conditionalities" to qualify for the loans.

These institutions usually determine what taxes are to be levied on the citizens, what interest must be paid, and forbid expenditures for infrastructures, education and other social programs. The nation's military is almost always kept weak so as not to give it a chance to rebel against any oppressive actions from the creditors. The key consideration is always that the loan must be a "performing investment" paying interest. Thus these privileged banking institutions become the real governors imposing their will through the control of capital and loans, and through their superior arms and political power, should they feel it's necessary to use them.

Often the loans open the door to corruption of local leaders, channeling the funds from the loan to the personal use and profit of the elected and unelected leaders of the nation who permitted the IFM and the World Bank to come into the nation with a loan and agreed to the **conditions**, without any voice from the citizens.

The citizens then receive no benefit from the loan, but are left with the obligation to pay excessive taxes to repay it and the interest. This is the major cause of abject poverty in many Third World nations heavily in debt to the IMF and the World Bank with their 173 central banks.

Eight Fancy Steps To and Through Depressions

1. There is a deficit in the government budget.

2. Having exhausted its ability to get more revenue from taxes, the government borrows. As a sovereign nation it could issue its own money and not have to pay any interest. But instead, it issues bonds on which it pays interest with taxes from its citizens.

3. Having received interest-bearing bonds from the government, the privately-owned Federal Reserve banks create money that then enters the money supply of the nation and increases it. The money supply also increases every time a person borrows from a commercial bank. (The one exception when borrowing does not add money to the nation's money is when a person borrows earned money from private individuals or credit unions. In those cases new money is not created by using fractional reserves; the money borrowed is already in existence.)

4. When the Federal Reserve, which is the commercial banks' bank, instructs the banks to encourage borrowing, more and more people borrow. Thus more and more money is created and added to the money supply, the economy "heats up," prices go up, and inflation results. The Federal Reserve has several ways of doing that: lowering the Reserve requirements, juggling interest rates, Open Market Committee operations, and others. Its actions are always highly secretive. News stories and figures released serve more to keep people confused than to clarify the Federal Reserve's purposes.

5. This created inflation usually runs about a ten-year cycle. For the last two decades it has been a continuing phenomenon with nervous off-and-on manipulation of interest rates. By inflating the money supply, industry and commerce are stimulated into producing more wealth. Entrepreneurs and farmers are encouraged to borrow and get themselves deeper in debt and mortgaged to the bankers. They all hire more people at higher and higher wages. Unemployment figures go down. Production of wealth and services expands. After all, the cow called Economy has to go to pasture for a while before she can be milked again.

6. Eventually, however, milking time comes. Through the instrumentality of the Federal Reserve system - with its various options

such as raising reserve requirements - credit and the money supply are contracted, loans are called, mortgages are foreclosed, and thousands of farms and businesses are taken over by the banks. Industries have to let the employees go. With accelerating unemployment, people can't buy what has been produced, forcing plant closings. Distress and lack of confidence grips the nation. Food lines and shelters for the homeless show up around the country. The nation is in a planned depression. In the meantime, the big banks are doing just fine.

7. The process continues. The government is blamed and called upon for programs to end the depression. This gives the new aristocracy an opportunity to milk the government also, which now has to borrow from the banks for programs to "stimulate the economy." This adds to the national deficit and debt and increases the amount of interest the banking system can collect. Increasing

taxes on citizens and industries that are already overtaxed won't help; To do that would only deepen the depression by removing more money from an already short money supply.

8. After the infusion of money, the wobbly economy gets on her feet and is again "sent out to pasture." The newly borrowed money created by the Federal Reserve system and banks, of course, will increase our national debt. So, the process starts all over again with new inflationary pressures to fatten up the cow and her milk supply.

The reasons for inflation and depression given by the new aristocracy experts and economists and their media will be different. They always have been. They are given in arcane and technical terms to make sure that the people in general don't catch on.

No Depressions for the Banking "Industry"

While the economy is depressed and 16 percent of people unemployed (more than twice the “official” figures), millions homeless, and millions of others struggling to make ends meet, the banking industry has been doing just fine. All during 1992-93 and into 1996 the Wall Street Journal carried stories about how well the banks were doing. The March 19, 1993, issue of the Milwaukee Journal headed the following news item from Washington, D. C, “Bank Profits Soar:”

The nation's commercial banks “earned” a record $32.2 billion in 1996. The latest report by the FDIC is for 1997. That figure was nearly twice 1996 earnings at $59.2 billion. Their crisis was over how did the big bankers do so well with the rest of the economy in a depression? Well, the U.S.A. elite needed help from the Federal Reserve to lower the interest rates to get out of the depression. So amid wide acclaim by the media the Federal Reserve did its “patriotic duty” and lowered the interest rates again and again. Everyone cheered. It was a master stroke of genius!

But, something else happened that the public did not hear about, or very little. Lowering the interest rates gave the big banks a good excuse to lower the interest rates even more for the banks' depositors. As a result, the net interest and margin of profit for one hundred top banks rose from 3.81 percent to 4.65 percent in 1990 and again to 5.77 percent in 1991, the highest ever. Time deposits in 2002 yield 2.75 % interest. Information about margins of profit is not available to the public. (Look at savings interests today in 2011. They are near zero.)

While the much publicized lowering of interest rates were supposed to make it easier for business and industry to borrow money to spur the economy, the biggest banks preferred not to lend it to them. They chose rather to buy more government bonds and other Treasury debt instruments. The banks found this more profitable and safer, without the risks associated with business ventures. With the interest on bonds guaranteed by the nation's tax payers, the banks couldn't lose. (Again, they do the same today in 2011, making it look like they are doing the country a favor, but instead they are in reality pillaging the America taxpayer again.)

The Comptroller of Currency found that as of July 1, 1992, the total bank assets of those banks were made up of $627.5 billion in Treasury obligations and $598.4 billion in outstanding business loans. This was the first time that banks had more government bonds on their books than business loans, according to New York business writer John Crudele.

Dr. Aldo Milinkovich, a former treasury examiner, not a private financial consultant, commenting March 29, 1993, on these maneuvers by the Federal Reserve, said: “I wouldn't call this shameful scheme a policy. I'd call it plunder.”

Chapter 14

Taxes, Taxes, and More Taxes

Who is there who does not know what taxes are? They are an all-pervading phenomenon in our society. The distinctive characteristic of taxes is that they are an obligation imposed on individuals and businesses/industries by the government, and the government *will* collect "come hell or high water."

Over and over, we read of farmers evicted from their homes and losing everything they worked for over a lifetime, businesses closed, records confiscated and hauled away by tax agents armed as for war. At times this tax "weapon" is also used for political reasons, with a tax obligation contrived.

One difference between taxes taking a share of what you work for and the plunder that goes on constantly by means of our debt-based money and banking systems is that taxes are not quite as hidden as the looting that occurs through the operation of the money system. The following story and ones like it are repeated daily throughout the country.

North Chicago School Board voted 5-2 to dissolve the school district, which had 4,350 students. The district was heavily burdened with high local taxes and found itself unable to finance its services

(*Milwaukee Journal*, March 27, 1993).

Excessive Taxes' Effect on Consumers

Today even low-income wage earners, earning just $10,000, pay $765 FICA tax. Another $765 from their employers makes a total of $1530 taken out of one low-income person's labor just for social security taxes. Add all the other taxes and interest on borrowed money and anyone can see why consumers have little left to spend on what industry produces and has to continue producing to maintain employment. They also are afraid that future taxes may even take more away from what they have and hesitate to spend more than they have to.

If the top 5.67 percent of income recipients, those with *adjusted gross* incomes over $88,000, paid a tax of 43 percent on their incomes, as some experts propose, it would not be necessary to tax the other 94.33 percent at all! Doing this would give the bottom 94 percent group a little more money to spend. But such an exorbitant tax added to all the other taxes would leave the 5.67 percent group, largely professionals, with virtually no incentive to work at all. Besides being unjust, it would be counterproductive in the long run.

Taxes already consume more than half of what people earn. Taxes plunder the economy almost as much as the debt-based money system does. These two forces keep citizens busy working harder than ever for the *land lords of the world* while trying to make a decent living for themselves and their families. In 2002 the U.S. tax burden in Michigan from all levels of government was $7,955 per person. In Connecticut the figure per person was $16,133 in 1999. This, of course, refers only to direct taxes. It does not include "hidden taxes" (see below).

Officials bemoan the price tag on various plans for social services, claiming such plans could depress the economy and job growth over the next few years. But it's not the plans as such that depress job growth and the economy. That is done by the taxes required under our present debt-based money system to pay for them.

Some Congressional leaders tinker with different options to cut some taxes but usually conclude that none of the options would give the economy the quick boost like a tax credit would. Elementary economics! A tax credit, or better yet a tax cut, would leave more money with which consumers could buy the products of industry and encourage employment. Although we are working with much higher figures today than in 1964, the Revenue Act of 1964, which cut both income and corporate taxes, proved this rather simple point in a very dramatic way.

Revenue Act of 1964

Economic advisor Walter W. Heller of President Kennedy's Council of Economic Advisors explained to President Kennedy that a tax cut would get the economy moving again, result in greater employment, put people into higher income brackets, and thereby increase government tax revenue. Kennedy understood Heller's reasoning and wanted to enact a tax cut but was bitterly opposed in Congress. The most effective opponent was Senator Everett Dirksen, who stalled the bill in committee for sixteen months. President Kennedy was assassinated during that time, but President Johnson finally got the proposed tax cuts into law on April 22, 1964. The results, just as predicted by Mr. Heller, were almost immediate.

What did the Revenue Act of 1964 accomplish? First, it reduced the income and corporation taxes of the country by $11.5 billion. Thus Consumers' paychecks gained an almost immediate increase in disposable income, and $1 billion more from industry's higher after-tax profits was distributed in dividends. This consumer spending produced income for other people, which again was spent and turned into income, so that by the year's end $44 billion was added to the gross national product.

What did those tax cuts do to the national deficit? Would they increase it, as so many in Congress feared? Contrary to those fears, it helped cut the deficit nearly in half, from $8.2 billion to $4.4 billion. The higher revenues were the result of the big gains in profits and personal income. This was the Supply Side Economics which held that increasing taxes loses money for the Treasury, while decreasing taxes raises the tax revenue. President Reagan followed the same 'school of thought' and lowered the taxes. That is why the Federal Reserve Board Chairman Voelker had no use for him. Jack Kemp shares in that thinking also.

Supply side economists give different reasons for the validity of this principle of economics. But whatever force other arguments have, the thinking is certainly valid on the basis of the fact that taxes remove money from the money supply and depress the economy, if the supply is not promptly replaced by newly created money. Whatever depresses the economy naturally will lower the income base upon which the Treasury can collect taxes. Lower taxes will leave more money in the economy and increase the income base and collections.

Further evidence that tax cuts have these results is that when President Johnson's cuts were repeated almost twenty years later under President Reagan, the result was six years of continuous prosperity. The media called the process “Reaganomics,” while President Bush called it “voodoo economics.” Bush, with his tax increase in 1990, helped to bring about a recession, proving that increasing taxes will produce results that are opposite to what tax cuts have produced. President Bush did this following instructions from the Federal Reserve and lost the election. His son remembers that lesson.

An Honest Money System

The above experiences with taxes and tax cuts and tax increases took place within our present debt-based money system. All the tinkering that is going on now in Congress is also done with the debt and deficit-based money system as a premise. If the tax reduction principle has been found valid in achieving such sizeable gains in employment and in the whole economy within a basically faulty and dishonest money system, think what great results a nation could achieve within an honest and production-based money system! Such a system would vastly reduce taxes and increase employment potentials. (Please review chapter 7 at this point.)

The January 24, 1994, issue of the *Milwaukee Journal* reports an Associated Press release about Treasury Secretary Lloyd Bentsen's visit with Prime Minister Morihiro Hosokawa in Tokyo the day before. Bentsen had “no . . reticence when it came to Japan's economy, calling on Hosokawa's government to cut taxes quickly as a way to stimulate its economy out of a recession and boost demand for imported goods.” That was sound economics. If that would be good for Japan's economy, why not for the US economy?

There is no claim that steps to increase productivity and reduce the national debt are going to be easy ones. (See chapters 20-24 for more about such steps.) But there is no alternative to making the profound and radical change from our debt-based money system into one that is debt-free and honest, if we are to avoid condemning our children and grandchildren to ever greater and greater economic slavery.

If we do *not* change the system, it will demand ever higher taxes and lead the United States into total bankruptcy and repudiation of its debts, with unforeseeable but undoubtedly violent consequences. That will be reached when the tax burden for the payment of interest on the national debt becomes greater than the citizens can bear.

How Taxes Are Extracted from the Citizens?

Taxes are collected in four basic ways. First there are the visible direct taxes: property tax, sales tax, state income tax, federal income tax, FICA (social security), fuel taxes, license fees, unemployment compensation, and in some places city or county income tax. Add them all up.

The second, third, and fourth ways are all "hidden" taxes. The first hidden tax that businesses and industry must pay in addition to their state and federal income taxes is the costs of employee retirement and health benefit plans and, at times, various penalties or assessments decreed by some regulatory bureaucracy. Any tax, direct or hidden, necessarily ends up as a tax on consumers, hidden in the higher prices they must pay for products and services.

A second hidden tax is inflation, the most brutal, deceitful, and regressive of all taxes. When a government deficit is covered by borrowing, money is added to the money supply. This dilutes the value of everyone's earnings, savings, pensions, and welfare checks. Every dollar is worth less. The next chapter is completely devoted to the subject of inflation.

A third hidden tax is loss of productive activity. It has been estimated that besides the direct financial costs to maintain the huge labor force needed, the value of the time lost to the production by employees who have to use it to collect the various taxes, keep all the records, and prepare the tax returns for the government agencies exceed $1 trillion. This represents a loss of that much potential wealth for the nation's economy.

Yet the dollars spent for all that record keeping and tax collecting, which add nothing of real value to the economy, are figured as part of our Gross National Product. That distortion becomes yet another inflationary factor.

How Bad Is Unemployment?

Worldwide, unemployment is very bad indeed according to reports from almost every industrialized country; it is even worse in the less developed countries. Some figures point to as high as 40 percent of the labor force unemployed. In some poor countries that the United States “punishes” by economic sanctions for political reasons—countries like Haiti or Iraq—unemployment is as high as 70 percent and the people are being starved to death.

But here we will discuss the unemployment figures in the United States. Official figures from the Department of Labor at the end of April 2002 showed that only 6 percent of the civilian labor force was unemployed. By May 11 there were 418,000 new claims filed for unemployment benefits. But that is not the whole story.

The figures don't include those who have not made an effort to find a job during the preceding four weeks. They are assumed not to be in the labor force and looking for a job anymore. Of course, they could have given up because they could not see any hope. How many of these people were there? We don't know, but estimates of these add another 5 percent to the official figures.

Nor do those figures include those who were forced into part-time jobs, even one hour a week, either because they couldn't find a full-time job or for some reason were unable to hold one. These too were considered employed and therefore not included as unemployed. If we add both of these "no count" categories, we get 16 percent as a more realistic figure on full-time unemployment.

The above statistics deal only with the people in what is defined as the civilian labor force. Evidently, those on welfare or in the military are not in that work force. The military performs an essential service for the country, and the poor who are unable to provide for themselves, have to be taken care of in a self-respecting nation. But from the point of view of the nation's economy they are consumers, not producers of wealth and value. Only indirectly do these groups trigger the activity of industry by being at least partially effective consumers, claiming a bit of production by the limited dollars they receive. How many people are in those two groups? We don't have the exact answer, but we know it is substantial—a minimum of twenty million. Add to the above the fact that nearly forty million people are in low-income employment receiving wages that don't raise them above the poverty line and we get a fairly accurate picture of the employment needs in our country.

How Do High Taxes Cause Unemployment?

All the taxes mentioned above decrease the taxpayers' purchasing power. Taxes that the bottom 40% of American people have to pay, especially inflation, which raises all prices, make it impossible for them to purchase adequate food, clothing, and lodging. Without purchasing power, millions of people are left with unsatisfied needs and wants, while industry and other producers do not have a market for their products and must lay off employees. Taxes the middle class pays cut into their ability to buy other products of industry to maintain their higher standard of living. This likewise contributes to unemployment. Further, to keep up a higher standard of living forces some people to seek employment who otherwise would choose volunteer or other unpaid work. This decreases job openings for others.

High taxes on industries cut into their ability to show a fair profit on investment, to pay good wages, and to finance expansion or internal improvements. High taxes force them to raise prices on their products, an increase passed on to consumers already limited in their purchasing power.

Finally, entrepreneurs, who provide most of the jobs in our country and take sizeable risks to do so, are often bankrupt or discouraged by the burdens of high taxes and bureaucratic regulations. Thus even more jobs are lost.

What Is the Proper Function of Taxes?

On the federal level, the major use of the government's sovereign power of taxation should be to regulate the value of the dollar as provided for by the *Constitution*, article I, section 8, clause 5.This is the main and proper function of taxes on the federal level. This would not be a big tax.

With a debt-free money system no tax would be needed for running government services. (See chapters 7,10, and 23)

The income tax was enacted by the 16th Amendment for the specific purpose of enabling the government to pay interest on its borrowing from the Federal Reserve system once the Federal Reserve Act of 1913 was passed. With a debt-free money system eventually there be no interest to pay and no income tax necessary to pay it. Whatever federal taxes might be needed could be collected through the new U.S. Treasury banking system. (See chapter 23) This would free 116,425 employees for productive work and save over $549 billion (the total cost of collecting the $1 trillion income taxes for 1990, (Figure from Internal Revenue Service and Tax Foundation, Washington, 1992). This does not include the record-keeping costs of the taxpayers.

Thomas Jefferson was able to send the tax collectors home even within a debt-based money system when he found ways to control taxes. Besides providing government services and cutting the national debt by half, he was able to make the famous Louisiana Purchase.

Finally, social security should not be a problem for the Treasury. The present social security taxes are not fully a tax but more of a saving for retirement. The taxes are fully adequate if the trust fund is honored and not used to finance other nations' wars. With a debt-free money system, adequate employment, and a stable dollar, no regular “cost of living increases” would be needed.

What About Taxes for Health Care?

Guaranteed health services for everybody do not appear to me to be the proper function of the government. If the government provides a debt-free money system and a stable dollar, which clearly is its sovereign responsibility to the nation, the people will be able to afford their own health insurance or services as they wish, with greater freedom and self-respect. The government can no more guarantee health for everybody than it can monitor their unhealthy and irresponsible choices and lifestyles, which lead to health problems.

The government health care programs as promoted are an unacceptable intrusion into the personal lives and free decisions and choices of ordinary citizens, professionals and the private business community. Such programs would impose yet another intolerable bureaucracy in a nation already burdened with too many of them. The private sector is capable of making improvements to health care, which is not as bad as the government wants people to believe. In spite of the anecdotal cases of people who “fell through the cracks,” the majority of those who need care receive better care than any top heavy federal bureaucracy could deliver. There will always be some imperfection in any delivery system, and more so in a bureaucratic system run by government.

(Note, this was written and published long before Obamacare, 2002.)

Where there are evident serious abuses, as in the legal profession, medicine, drugs, and in insurance industries, the government has a clear responsibility. When a lack of love in human hearts allows greed to prevail there will always be failed situations, in the private sector as well as where a federal bureaucracy is in control. The media will exploit these situations and call for government control.

Once a change to debt-free money system is made, a none-inflated dollar and opportunities for adequate employment will enable most people to assume full responsibility for their own health care needs. Government involvement under those circumstances should be minimal, and limited to much lower numbers of those who are in some way disabled and truly under-privileged. With a debt-free money adopted the government will able to fulfill all its reasonable services to the citizens without imposing taxes. Other nations have done it for hundreds of years. (Reread chapters 7, 10, 23) Aren't we as smart as they were, that is, until they fell asleep, took things for granted and lost their unguarded position to become hostages of debt and its purveyors.

Note:

1. Quotations of figures used throughout the book are recent enough to be valid in 2002 when the same financial environment still prevails and is moving to a climax of some sort.

A World Held Hostage By Debt

Chapter 15

Inflation and Depreciation of Money

The word *inflation* is bandied around in the press and by writers on economics, but they seldom define what they mean by it. It's just something they assume everybody is afraid of, like a virus or epidemic that every now and then comes from outer space to attack the economies of poor humanity. Supposedly the only cure can come from the Federal Reserve Board chairman.

Financial writers take for granted that the Federal Reserve Board chairman knows when inflation is coming, and the only way he can prevent or cured it is by an injection of higher interest rates into the economy. This seems to be his only remedy to lower the fever of what he calls an overheated economy. It also helps to increase the bankers' profits.

The truth of the matter is that Inflation is caused right here on earth by t*he* financial elite. These people need to stimulate production of wealth by easy credit and money expansion so that there may be wealth around for them when they are ready to harvest it by a depression.

Honest but ignorant citizens hardly suspect who the architect of depressions is: the Federal Reserve Board itself! After many tries, the chairman has the system "down pat" and has many ways of both feeding the flock and then leading it to be shorn. The Fed manages to keep the flock from knowing where it is being led. Not defining what inflation is, many well-intentioned economists search for and argue about the causes of and solutions for inflation. Some tell us that raising taxes is a cure for inflation. Others say that raising taxes causes inflation. They argue the same way about interest rates and the money supply. What is the exact function of these actions in regard to inflation? Are they the cause or the cure, or maybe the result of inflation? None seem to know for sure.

This confusion exists because *inflation* is a generic word. The inflation that most people experience in their everyday lives and worry about is *price inflation.* When citizens see their taxes raised tenfold in fifteen years on the same piece of unimproved property or the price of their automobile or a piece of meat triple when newspapers and financial writers are talking about a 3 percent inflation rate, they know that somebody is not telling the truth.

Wages also go up or are "adjusted for inflation," a term used constantly, but somehow people have to work harder and harder to stay even, often with both spouses working to support families that only one bread winner used to be able to support. Those at the bottom of the economic ladder, especially those in service jobs, fall behind. They have to pay the same inflated prices for necessities as everybody else without having the money with which to do it. The result is that the gap between those who have and those who don't, keeps widening and the ranks of the poor keep getting bigger. It is evident that somebody is not figuring those inflation rates and adjustments correctly.

Those who blame the "cost of living increases" on inflation are begging the question. *Why* does the cost of living go up? *Why* do the prices keep rising? If the dollar had a stable value, the only cause for a price increase or a decrease would be the law of supply and demand. That would affect only the commodity or product in short supply and for a limited time. When the people see prices rising throughout the world at the same time, they begin to "smell a dead rat in the woodpile."

When a first class postage stamp was two cents one could buy fifty of them for a dollar. Today the same service costs thirty-seven cents and one cannot even buy three of them for the dollar. (2002 price) That is a dramatic example of what happened to the value of the dollar. How wise was the person to save two thousand dollars for retirement and now when retired receives only six cents of value for each dollar of his/her pension.

What Causes Price Inflation?

What is often called the monetarist reason for price inflation is "too much money chasing too few goods." That is a valid observation as it stands, but where does that excess of money come from? Who created money that did not bring any value into the economy when it entered the money supply? If price inflation is "too much money chasing too few goods," the obvious solution would be to increase the production of goods or decrease the money supply or both. But how to implement these options is what gives the economists and financial writers their headaches and brings confusion into their many proposals. The basic reason for their problem is that most of them are writing within an environment of a debt-based money system over which neither they nor the government have any effective control.

The control of the money supply depends on the will and design of the human beings who run the private Federal Reserve banking system. Their purpose is to serve the bankers' interests. When they tell the gullible and unquestioning public that they are raising the interest rates to control inflation, the higher rates give the banks a higher profit on loans and make credit costlier for industry. This restricts production, thus contributing to inflation (the "too few goods").

At the same time the Federal Reserve may lower the reserve requirements, which encourages the banks to lend and increase the money supply (the "too much money"). Both actions contribute to inflation. What the Fed does, and the reasons it gives for its actions to the public, are not the same.

It is impossible to find a permanent solution to money inflation or price inflation when it all depends on the will of those who operate the money system for private gain and who are never open about what they are doing. This is information the bankers don't want you to know. Why are they so secretive about it? Because it's natural for one to hide what one is doing when one is up to mischief.

Ten Consequences of Price Inflation

We have already seen some of the consequences. Let's follow the process step by step.

1. Both money inflation and price inflation heat up the economy so that more goods are produced.

2. The relationship between goods and services produced and the money supply becomes distorted and gets out of control.

3. Well-to-do people feel good about their situation, have more money in their pockets, can buy more goods and services, and are able to invest more, enjoy life, and worry only about what investments will help them to cope with still more inflation.

4. Less fortunate and/or less resourceful people, and those depending on fixed incomes, have to pay the same higher prices for everything and feel poorer. Even if they too have a little more money, they have to skimp more.

5. Labor sees the cost of living going up and demands higher wages.

6. The dollar is diluted and loses value. Investments made in poorer times with hard-earned money lose their value. It takes more money to stay in the same place economically.

7. Taxes go up. The well-to-do look for tax havens. Poorer people find these taxes harder to pay.

8. In the average income family both spouses are forced to seek employment to keep the family afloat financially. Families headed by a single parent slide further down the economic scale.

9. Higher prices tend to become permanent. People begin to accept the new level fatalistically as a cycle caused by forces beyond their understanding or control.

10. Consequently, people come to expect regular cost of living increases in order to be ready for the next cycle. This helps make

Inflation an ongoing phenomenon.

This inflation-based mentality demonstrates that human beings are not disposed to accept less of anything. They are more concerned about getting more dollars than about the dollar's value. The end result is that the gap between the rich and poor widens and the ranks of poor increase.

Life Without Inflation:
A Reflection

The reader is invited to reflect and construct his or her own vision of life without inflation by reversing the above 10 points. Please also read Chapter 25.

A World Held Hostage By Debt

Chapter 16

Some Basics for the Good Life

Infrastructures

The quality and shape of our infrastructures determines to a large extent the quality of life we enjoy in our communities. All we need to do in order to see that the maintenance and improvement of many basic infrastructures in our country have not kept pace with the needs of our citizens is to drive through the streets of almost any city and to read its local press.

Everywhere we find streets and roads in disrepair, as are many of the major interstate highways; bridges are in bad shape; public transportation facilities are inadequate in most of the country. It's all a poor reflection of the pride of a great nation and prima facie evidence that we have not been good builders and stewards of adequate infrastructures and of the environment.

Access to safe water and flood control are urgent problems in many areas of the First World. Shortages of water in other parts of the world, both for minimum health and irrigation, are critical. Many water, sewage, and garbage disposal systems in American communities are antiquated or inadequate; in other parts of the world they are worse or non-existent. The list is almost endless.

Current Prospects
for Improving Infrastructures

We have heard a great deal of election campaign rhetoric about "investing in America." This would include the infrastructures, the politicians said. Education and health care were thrown in for good measure. To provide for all of this, President Clinton announced a program that would spend the "grand total of $20 billion" and new taxes to pay for it.

What President Clinton and the media didn't say is what happened to the surpluses in the trust funds that were set up specifically for some of these infrastructures and for which various fees and taxes were collected. According to a study by the Congressional Budget Office reported in May 1992, the Airport and Airway trust fund had a surplus of $24.8 billion, and the Highway trust fund had a surplus of $19.5 billion. Why weren't those funds used for the purposes for which they were built up by fees and taxes?

There are many other funds set up for specific purposes. Among them are Social Security, Medicare, and military and civilian employee retirement funds. The surpluses, according the Congressional Budget Office report, came to a total of $970.1 billion at the end of 1991, forty-eight times the $20 billion President Clinton asked for in new taxes on energy. What happened to that $970.1 billion? The government had to "borrow" it, we are told, for things like foreign aid, more military equipment for other nations, and congressional pay raises, excursions into Panama and Iraq, contraceptive devices for Latin American countries, condoms for school children, and so on.

(Come forward to the current president, 2011 - does this all sound familiar?)

What guarantee do we have that the new taxes we are asked to pay are not going to be "borrowed" the same way?

The Sovereignty Resolution

Efforts are now being made to introduce in Congress what is known as the Sovereignty Resolution. It has been proposed by an Illinois businessman, Ken Bohnsack and calls upon Congress to create constitutional, interest-free money to "fund necessary and legitimate needs of our communities and nation, such as bridges, roads, water/sewer/waste disposal systems, (and others). . . . [The resolution] will permit tax-supported bodies . . . to borrow money directly from the U.S. Treasury interest free, as authorized by Article I, Section 8, Clause 5 of the Constitution."

This resolution holds out before us the prospect of increased production and employment, a better condition and quality of infrastructures, schools, and local utilities, lower taxes, lower interest payments by local governments, and lower interest rates for all.

This is a very important step in the right direction, but only a step. If this one step is not followed with all the rest of the steps necessary to make this change permanent, the whole nation will stumble badly and fall, as has happened with similar efforts in our past history. The shortcomings of this worthwhile initiative are these:

1. It represents the grafting of healthy tissue on a cancer-ridden body without removing the cancer and its causes. The Federal Reserve system of debt-based money is the cancer. Without repealing the Federal Reserve Act and turning over the twelve Regional Federal Reserve banks to the U.S. Treasury and Congress to be run by the U.S. Treasury in a professional manner, the Federal Reserve Board will still be able to use its awe-inspiring power to punish the Congress that has dared to pass such a resolution. The moneyed interests did exactly that in 1863 after Lincoln crossed them. Should such a resolution be adopted, the Federal Reserve Board has the means first to create inflation and then follow it with devastating depression. It is quite capable of such retaliation.

2. There is no chance that a resolution like this actually will be adopted or implemented because neither Congress nor the citizens have been adequately prepared for it by a sound and thorough educational effort. Further, the administration is 100 percent committed to following the instructions from the Federal Reserve Board and its associated institutions. Nevertheless, we must applaud Mr. Bohnsack, for initiating this grassroots movement and the process of education. Although only a beginning, it is an excellent beginning indeed! But the plan must be developed further (as suggested in chapter 23 and much more education and formation of public opinion must take place.

We dare do less. It will be very difficult to conduct any public education program so long as we remain hostages of debt-based money with its unlimited power over the media. They will deny us access for our educational efforts. The only power we have is the power in our numbers and our knowledge, love, and commitment as described in chapter 24.

There Is Solid Support for Financial Reform

Mr. Bohnsack's resolution has the support of the Michigan state legislature, the Illinois state senate, all the counties of Montana, all the townships of Ohio, all the cities of Illinois, and the United States Conference of Mayors representing fifteen hundred cities with populations of thirty thousand or more.

It also has the support of the Community Bankers Association of Illinois, which shows that honest community bankers who strive to serve their communities recognize a movement that will serve the infrastructure needs of the nation.

The Illinois state branch of Ross Perot's United We Stand has also gone on record as supporting Mr. Bohnsack's initiative. The UWSA organization had over four million paid members until 1997 when it was dissolved as an organization. But its deeply committed members continue to pursue the same objectives by remaining members of state chapters associating themselves with other groups with the same values.[1]

This great nationwide interest in financial reform shows that there is a solid potential for creating a solidarity for the concerted political action[2] that is necessary to free the world from being hostage of debt and those who create it. Chapter 24 has practical guidelines for such action.

The Environment

The environment and ecology are here to serve both the short-term and long-term needs of people. We must be sure, however, that we follow true scientific principles, not just the propaganda of special interest groups. There needs to be a balance between needs of people and their environment, which

has been entrusted by the Creator for humanity's responsible use, enjoyment, and stewardship.

Population Concerns:
Do We Need More People or More Owls?

Propaganda for the United Nations Population Conference of September 1994 in Cairo, Egypt, promoted formation of plans to get rid of three and one-half billion people out of the present six billion. Two billion people is the upper limit of what this earth can support, the propaganda says. So it was *not* a conference to help the populations of the world find access to an honest and equitable share of this earth's economic goods, but one aimed at depopulating the world. (See a recent update on call by Al Gore for population.[3])

Instead of treating people as a major resource contributing to the economies and well-being of nations, the conference looked upon them merely as consumers and polluters of the environment. That propaganda was based on the statements of two professors, Russian Professor Viktor Danilov-Daniljan, and Cornell University professor of ecology David Pimental. Over (against) that propaganda, the German association of

Agro-chemical industries, the Industrieverband Agrar, tells us that even with the present technologies "fifty billion people worldwide could be nourished at a high quality standard."

Our role is not to correct what the Creator has done, but to correct what we are doing. Getting rid of our greed and of the usurious debt-money systems that plunder and loot the hard-earned goods which both people produce will go a long way to create the balance between people and their environment. It is love of people as our greatest productive resource that will permit technologies to use the environment in a responsible manner that will both serve people and protect it for future generations of people and other living creatures.

Jacqueline Kasun completely demolishes the unscientific assumptions of both the environmentalist and anti-population propaganda in her book *The War against Population*.

Pope John Paul II's Memorandum to the Nations

In a memorandum the pope calls the draft formulated by the Conference on Population an "act of treason against the principles of the U.N. Charter." It "violates fundamental aspects of human dignity and freedom, downgrades marriage, endorses abortion, and promotes selfish, obsessive forms of sexuality."

Instead, what the Conference on Population should be concerned with is "the well-being and development of peoples, the growth of world population, the rise of the median age in some industrialized nations, the fight against disease, and forced displacement of whole peoples." That is the true formula for peace in the world, as proposed before by Pope Paul VI in the encyclical O*n the Development of Peoples*.

Moral Environment

When we speak about our stewardship of the environment, we need to begin with ourselves and our own lifestyles. If we fail to reverence our own bodies by the use of drugs and by other excesses or deficiencies in food and drink, no ecology or health program can make up for these failures.

Pope John Paul II summed up the primary issues of ecology very well when he said, "Simplicity, moderation and discipline, as well as a spirit of sacrifice, must become part of everyday life, lest all suffer the negative consequences of the careless habits of the few."

Greed and the constant drive for ever-greater profits are major causes of the abuse of our environment and of the contamination of a truly healthful food supply for our people. That should be self-evident to any thinking person in touch with the kind of denatured food that is offered and promoted by suppliers and their advertisers. Such food is not intended to provide a healthy environment for people but to return the greatest profits for investors.

More important than an unpolluted environment for our bodies is the environment in which both children and adults can develop healthy minds. It needs to be first of all an environment of respect and reverence for one another and for our dignity as human beings.

Wide-spread pornography and the gross disrespect for sexuality in both men and women, and lack of reverence for honesty and truth create a pollution of the worst kind. They endanger the wholesome educational environment needed for the education of our future citizens.

Natural Custodians of the Land

Modern family farmers love the land and nature just as their ancestors did before them. But greed for profits has virtually destroyed the family farm. The nation's food supply is now largely in the hands of the big farming corporations, whose primary objective is profit. For them, care for the soil and for the food that they produce are subordinated to their endless quest for greater and greater profits. Their definition of efficient production does not include reverence for the environment and natural resources such as topsoil. For corporations, production is efficient only when it gives them "a competitive edge" in the marketplace and greater profit for their shareholders.

Love for the land and reverence for the environment make family farmers the best natural guardians of the environment. With a deep and personal respect for the earth, family farmers are the most reliable custodians of the land and producers of food for a healthy people. But to survive, farmers must be able to make a decent living for their families on the farm. They are unable to do that when they have to compete or contend with the big corporations and their manipulations of the markets, unfair tax structures, inadequate credit, and below parity prices for their products.

True modern farmers are a far cry from the so-called dirt farmers of the past. They understand the scientific basis for ecological farming that respects the soil and produces quality food. But they must be given a chance by a fair economic and political system that looks upon them as entrepreneurs, part of the infrastructure of the nation and essential for the sustenance of its people and their economy. To deprive farmers of that function by subjecting them to competition from the big food monopolies that are able to buy foreign food products produced by farmers of other nations at starvation wages will destroy the livelihood of both. It is a short-sighted policy that loots foreign land and destroys the future productive capacity of our own lands.

The first obligation of a nation is to be able to feed its own people, to make sure that its productive capacity for food is intact within its own borders. It cannot do that by throwing its family farmers to the wolves of the so-called free markets. The argument is often made that the big importers and exporters of our food supply make it possible for the consumers to obtain food at lower cost. However, in the process our farmers are destroyed, as well as the farmers of the exporting nations, who are forced to produce at starvation wages and are thus destroyed or kept in perpetual poverty. The solution is not in impoverishing the primary producers of our food supply, but in a stable economy that enables the *consumers* to be employed at wages that make it possible for them to pay the producers a fair price for the food they eat.

Notes:

1. As of September 1995 there is no further information available on the current status of this resolution. Given the lack of interest in politics by the citizens at large and their inertia when support of their legislators is called for, it is unlikely that this resolution will pass. To succeed, any such move will need far more educational effort and involvement from the citizens. It is opposed to the entrenched power of the *land lords of the world* and will never have the support of the media.

2. (At the time of this re-edit of this book, all you can find are small state chapters. The bigger unions have left them crippled. I leave you to put the pieces together by news reports of unions overtaken by calls for one world union. By now you are getting the picture. The elite will stop at nothing to create their one world order of power and control.)

3. Al Gore's call to control population, June 2011 - "Gore promoting fewer children to curb pollution" - http://dailycaller.com/2011/06/21/gore-promoting-fewer-children-to-curb-pollution/

A World Held Hostage By Debt

Chapter 17

Investment and Capital

True wealth, either derived from the possession of a natural resource or from productive efforts of people provides the citizens of a country with all the necessities of life and with a base for the services they need. That is what a sound exchange economy is all about.

The production of wealth, the services based on it, and the education or training necessary to prepare people for production and services provide employment opportunities. This enables people to obtain an honest and just share of the wealth produced and of the services they need.

Honest Earned Investment

The word *investment* is used very loosely in all the current writings on economic issues and news stories. Without defining the term investment, the articles are not really intelligible to the person in the street, often not even to the one on Wall Street. Honest investment should mean investing of ourselves or of real value that we acquired honestly, or of the money we earned by contributing commensurate value to the community. It also includes credit issued by legitimate government authority for development of community infrastructures and facilities. That kind of honest investment produces more wealth for the economy and provides employment for the nation's citizens, who are then able to share and enjoy the fruits of their creativity.

Unearned Investments

Most of the time when the word *investment*, as used in the media, does *not* mean investing anything; instead it refers to debt-based money created by a private banking system or acquired through manipulation of financial instruments like derivatives.[1] These claims on the wealth earned by honest investment and labor are plunder. Witnesses to the truth of that statement are found in countries where privatization has been practiced by the International Monetary Fund and the World Bank (more about that in the next chapter).

Demanding privatization of economies in Russia, Latin American, and other third-world countries has the major purpose of providing "investors" with the opportunity to buy up the produced and natural wealth of these countries at bargain prices. A public sale with no other competitors having any money to bid always provides bargains. It gives the "investors" a quicker way to turn profits. If the big banks that provide funds for these speculative loans lose, the U.S. taxpayers bail them out.

George Soros is a recent example of the kind of "investor" discussed here. Almost overnight he made $1 billion trading currency derivatives. In reporting the story the media used the word "earned," another abused term. Soros did not contribute anything of value to any nation's economy in order to earn anything. Rather, he almost destroyed the English pound and set out brazenly to go after the German mark next, according to the story in the media. The Federal Reserve banks and other central banks defended the practice.

Honest Capital Produces Wealth

Capital is essential for an economy based on the production and exchange of goods and wealth. But the capital that comes from credits created by a private debt-based banking system is not true capital, just speculative debt-based money. Defenders of that kind of capitalism point to the prosperity of the industrialized nations, where such capitalism had been practiced. Yes, any kind of money stimulates production, but after those periods of prosperity there always have been depressions or recessions that plundered the wealth created by that capitalism.

For countless families, such "prosperity" forces the employment of both husband and wife just to provide some of the necessary consumer goods for their families. Workers are praised for their productivity which enables American industry to be competitive. But not a word is said about the worker's job security in a system in which "investors" periodically skim off the fruits of the workers' industry with a managed depression.

The rich "investors" also have other options to avoid higher taxes that the less affluent who depend only on honest earnings for their money, do not. They "invest" in tax-free municipal bonds or they invest in government bonds. Roughly one half of the $6 trillion government debt is in the form of government bonds, which are lying in the vaults of the Federal Reserve Banking system and doing nothing for the economy except drawing interest from the taxpayers. The bonds are a safe and sure "investment" for the banks. With them in their vaults, and the government doing the job of collecting the interest from the taxpayers, they need not take any risks in the marketplace by lending to productive industry or business.

Capitalism and the Entrepreneur

"Capitalism, like the family, is not an institution that can become obsolete...as long as human societies persist. Human needs and numbers annually increase: science and technology provide their continuing surprises..No nation can grow and adapt to change except ...that its productive wealth is diversely controlled and can be freely risked to new causes ,flexibly applied to new purposes, steadily transformed into new shapes and systems...The capitalist system succeeds and thrives because it gives room for the heroic creativity of entrepreneurs, even though the greatest of capitalists, the founders of the system- were in some sense "robber barons.""

So writes George Gilder, program director of the International Center for Economic Policy Studies and chairman of the Economic Roundtable at the Lehrman Institute.

The free entrepreneur holds an important key to a productive economy and to the solution of the problem of unemployment. However, we still have the so-called robber barons with us, in greater force than ever. They prevent the development of an economy dependent on entrepreneurs by denying them access to adequate and dependable credit at reasonable interest rates. Nor do we have "productive wealth . . . diversely controlled." The major part of wealth is under monopoly control.

The robber barons have been identified as the owners and operators of the private debt-based money system with their associated big industries and monopolies. They constitute an “international imperialism of money” and do their robbing throughout 184 countries of the world in far more sophisticated ways than the robber barons of the past.

The modern robber barons use the Federal Reserve system, the International Monetary Fund, the World Bank, and fellow travelers, to loot the wealth of the host countries. Any one following what is being done by these institutions in Africa, Asia, Ibero-America, Russia, and most recently in Mexico will recognize the most colossal robbery the world has ever seen, outdistancing by far the robber barons of mercantilism or of old style colonialism.

These financial institutions do not promote genuine and free entrepreneurs and industry, the purpose for which they were supposedly organized, but siphon off the wealth and fruits of human labor of the host countries, often in connivance with the elected and non-elected leaders of the nations.

Note:

1. A *derivative* is a very complex financial instrument understood fully only by the top bankers who create it. Futures give a buyer control over large quantities of grains, meats, metals, currencies, and so forth, for very little money (leverage). Options give still more leverage. Derivatives are something like options, giving extremely high leverage positions with prospects of extremely high profits to those who understand and know how to use them—or extremely large losses to those who don't.

A World Held Hostage By Debt

We Need The Energies and Idealism of the Youth of the World To Reach the Destination

Chapter 18

It's a Long Road To Economic Justice

A World Held Hostage By Debt

Free Market and financial reforms—NAFTA, GATT, etc.—are being pushed arrogantly on all nations by the American globalists. They are one of the maneuvers used to promote the American branch of the One World Dictatorship. No just economy is possible so long as it is held hostage by monetized debt. Debtor nations must surrender physical assets, commodities, and products of labor as a ransom.

The principal structures through which the big bankers and other elites exercise their constant pursuit of profit and power are the Federal Reserve, the International Monetary Fund, the World Bank and the associated 173 central banks. By monetizing the debts and lending the money these institutions can control all commerce and wealth in the world and hold it their hostage until the debts are repaid with interest.

What Free Market Economy?

Their idea of a "free economy" is *not* accepted in the teachings of the popes, even though it is one of the liberal biases promoted by the media. Over a hundred years ago Pope Leo XIII wrote: "A free economy cannot be understood in such a way that it refuses to be limited by any demand for justice and becomes an unbridled affirmation of self interest only. . . . A truly free economy cannot be had when one side is so powerful as to reduce the other to subservience" (quoted by John Paul II, *Centesimus Annus*, no. 16).

While *Centesimus Annus* says *no* to state control of the means of economic production, nevertheless it teaches that the state "has a necessary role in safeguarding the prerequisites of a free economy. . . . It is the place of the state to assure a level field for the parties involved."

The Human Rights Agenda

The *land lords of the world,* especially those in the United States of America, have a lot to say to other countries about respect for human rights. They have organizations to monitor the compliance of these nations. At the same time, in the areas of the market economy, the judicial and educational systems, and personal freedoms, the human rights of American citizens are violated daily. We see the "slivers" in other peoples eyes but not the "beams" in our own. They should remember that the Creator made our hands in such a way that every time we point a finger at our neighbors there are three fingers pointing back at us.

The major human rights that are being violated by such structures as NAFTA or GATT include:

1. The right of every human being to a recognition of his or her human dignity as a worker and producer of wealth.
2. The right to recognition of the dignity of work as a personal exertion for the sake of procuring what is necessary for self, family, and community.
3. The right to private property that is necessary for one's personal development. In modern times this includes the right of access to knowledge and technology, a right which is badly violated.
4. The right to form private professional associations of

employers and of workers. These are natural and inalienable rights that belong to every human being, simply because he or she is a human being. They precede his or her incorporation into political society. It is a matter of justice that the state may not prohibit these rights or interfere with exercising them responsibly. The state exists to recognize and protect them (*Centesimus Annus*, no. 7). This is a specific reaffirmation of the teaching of Pope Leo XIII.

The encyclical goes into great details about other human rights derived from these four. But it is beyond the scope of this work to treat them in more detail here. The operations of the so-called free market and free trade structures are proof that these basic and inalienable human rights are *not* respected.

How Free Is Our Market Economy?

The claim is made that free markets enable consumers to have cheaper goods and enjoy a higher standard of living. Those who make such claims never point out that their goals are accomplished by paying starvation wages to the peasant producers. They justify this conduct in the name of competition. They say they need to be free to buy products of cheap labor in order to compete in the world markets. In the process, the human rights of the producers in those countries are violated.

American consumers are not the only people in this world. They do not have an unqualified right always to buy at the lowest prices, while forcing the producers, their brothers and sisters in other countries of the human family, to sell their products for whatever the monopolies choose to give them. As a poor peasant in Peru commented, “Free Market?

There is nothing free about my market. I either sell for what they give me or starve."

Failure of the public authority to ensure that human rights are respected violates justice, the encyclical tells us. To give all people of the earth access to a fair share to the goods we are capable of producing, we need adequate employment, respect for human rights, the avoidance of *undue* government involvement, and sensible trade barriers to prevent threats to industry and agriculture by world monopolies. There is no right to compete solely for the sake of greater profits when the price is violating the inherent human rights of the producers to make an honest living for their families.

A stable dollar created and maintained by a debt-free money system alone would remove exposure of entrepreneurs and distributors to unnecessary risks, reduce commodity speculation by monopolies, bring lower taxation, and make it easier for true and honest investors to make a fair profit without undue profit margins between producers and consumers. It would definitely remove the unfair advantage that the debt-based system gives to the big "investors" and enable the small investors of honest money to compete in truly free markets.

Free Markets and the Land Lords of the World

Since monetized debt is money, the first thing that the Federal Reserve, the International Monetary Fund and the World Bank do when a new money-making situation opens up is lend it their debt-based money. Thus they create more debt. The new nation, as a debtor, thus becomes another nation taken hostage. It *must* do as they say in order to pay interest on the debt.

The IMF and the World Bank were created at the Bretton Woods Conference on December 27, 1945, supposedly to help the nations with financial reforms. The Federal Reserve system, which had been on the scene since 1913, was their sponsor. With their power consolidated for action in the whole world, the land lords' appetite for profits has also grown. How they have been "helping" for the past fifty years is shown by the following examples.

Examples of the Land Lords of the World in Action

Russia

After the fall of communism in Eastern Europe, the International Monetary Fund and the World Bank were quick to "help" Poland and Russia with loans. But before letting them have any money they imposed *conditions* on them. They demanded financial reforms, higher taxes, privatization, and free markets. They forbade infrastructure development, industry and defense, and reasonable services to the citizens, and introduced other austerities to make sure the nations could pay the interest on those loans. They withheld the funds of the promised and publicized loans until the conditions were met precisely as demanded. Russia is still waiting. This is standard procedure whenever they lend their debt-based money.

In the meantime, these austere conditions cause great economic hardships for the citizens of the Eastern European nations and they are rebelling, although the Poles are still cooperating with the International Monetary Fund and World Bank.

President Clinton and Vice-President Gore both have admitted that it was a mistake to impose the World Bank's and IMF's demands on the Russian nation. Mr. Gore told Russian Prime Minister Viktor Chernomyrdin on the occasion of his visit to Russia after the December 12, 1993, election: I would say that every country that has representatives on the IMF board has been slow to recognize the hardships that are caused by some of the conditions that have been overly insisted upon in the past. . . . The world has to recognize the gravity of this situation.

Chernomyrdin responded: We should face the truth and admit that many people voted against the hardships and mistakes of the current reform, rather than for any specific (political) platform. Naturally, any “shock” methods must be precluded in the future.

But that moment of facing the truth didn't last very long. The next day the *London Financial Times* called Mr. Gore's remarks “badly misguided”. The Swiss daily *Neue Zuricher Zeitung* called them “naive.” Lloyd Bentsen disclaimed them and the controlled U.S. media generally gave the whole incident the silent treatment.

German Count Otto von Lambsdorf, current European chairman of the Trilateral Commission, said he would push the International Monetary Fund's “shock therapy” at the Commission's next meeting.

On December 30, 1994, the International Monetary Fund and World Bank responded very angrily in a joint memorandum that called for a *more rapid* shutdown of the Russian economy. They sent a delegation to Russia to make plain to its leaders that the Russian government *must* speed up reforms and full market economy, close non-viable plants, cut down social expenditures, sharply reduce central bank credit, and expand privatization, including that of land and farms.[1] Those orders were meant to enable “investors” to pick up the bargains. Those who own the nations' debts dictate economic policy and devastate whole nations. Thus the international imperialism of money is in action while we demand “democratic reforms” in those countries.

Tanzania

At the end of 1991 Tanzania's foreign debt was $6.5 billion. To pay the debt Tanzania accepted money from the World Bank and the International Monetary Fund (IMF), conditioned as always on the restructuring of the country's economy. In their recent pastoral letter “Good Conscience—Vision of Our Nation,” the Tanzanian bishops wrote: Though the market economy is expected to raise the income of the nation, we experience the decrease in the income of the majority and the increase in the price of consumer goods. From the outside it would seem as if our economic situation has improved. But we are witnessing more hardships for the majority of Tanzanians while a few, who apparently do not care about our national problems, are getting rich.[2]

Venezuela

In December of 1993 Sir Henry Kissinger[3] paid a visit to the president-elect of Venezuela, Rafael Cardera, and his cabinet. He told the press, “Venezuela has been a country close to my heart for a long time.” What is there about Venezuela that would touch Kissinger's heart that much?

Sir Henry told the press: “I had a meeting with him [Cardera] that was quite advantageous and useful for the future of Venezuela.” Kissinger made a special trip to Venezuela to tell the people how lucky they are; they have oil. They also badly need, he said, high-technology capital goods in order to become a modern industrial power. So, the United States will buy their oil, and then they can buy the technology with the proceeds.

There was one catch, however. Venezuela had a debt to the International Monetary Fund and the World Bank on which it had to make a $5 billion payment. It didn't have the funds, so the technology had to wait. Venezuela had to sell its oil to make its interest payment. Because the price of oil went down (one wonders why), it took a lot of oil to make that payment. The net result of the meeting for Venezuela: a loss of $5 billion of oil wealth, a natural resource, which it had to deliver in exchange for paper stating it now has paid $5 billion on its debt. The loan was of money created by a private banking corporation based on debt, not on anything of value.

The popes and the nations themselves, especially those of the Second and Third Worlds, see debt as the one great obstacle to true progress and development of industry and infrastructure in those nations. Debt-based money, which claims the countries' true wealth, is a form of looting their natural resources and economies. This is a major theme throughout this book.

NAFTA, GATT, and Others

A *Milwaukee Journal* editorial of September 17, 1993, quoted President Clinton, in his campaign to have the NAFTA approved by Congress, as saying, "Ours is now an era in which commerce is global and in which money, management and technology are highly mobile."

In the context of a number of realities on the world scene that statement is simply *not* true. As any well-informed person knows, commerce rides on money and is global only to the extent that money allows it to be. The power of money controls who and what nations have access to commerce, technology, and management of their own industry and finances, and to what extent. The new developing Eastern European nations, the old Middle East nations, the third-world developing nations, African and Ibero-American nations, and Asiatic nations can bear witness to the fact that their commerce and economies have been devastated by the conditions imposed on them by the IMF and the World Bank.

The Federal Reserve, the World Bank, and the IMF are doing exactly what England did in colonial times to America, only in a much more sophisticated and efficient manner and on a far wider scale. England prevented the colonies from developing industry. All it wanted was (1) a market for the goods of its own industry, a "free market" if you want to call it that, and (2) a source of raw materials at whatever price England was willing to pay.

The development of infrastructure, technology, and industries was forbidden as they are now in the undeveloped countries. Taxes have to be raised, and services for health and education limited or denied.

Their military forces are subjected to limitations. These nations under IMF and World Bank domination must not be able to defend themselves from unwanted encroachments into their sovereignty as independent nations. So, despite Clinton's remarks, neither management nor technology is global or “highly mobile,” except within the power base of the new aristocracy and of the controlling industrial nations. The hand of the new financial colonialism was quite visible in its reach for NAFTA.

The *Milwaukee Journal* editorial then says, “Therefore, Americans need to adapt and, if possible, *exploit* this new world.” That is exactly what NAFTA seeks to do. This is the truth. There is no better way to exploit the productive capacities of the people of a nation than to open the trade barriers to food and financial monopolies with their unlimited access to debt-based money and credit.

Effects of IMF Conditionalities

Conditions mandated by the IMF for the interest and principal payments on debts make it impossible for the countries involved to maintain and develop basic health infrastructures. As a result, there are outbreaks of cholera. Peru tops the list with 300,000 cases. The total for the Ibero-American nations is placed at 800,000. Official government figures show that more than 12,000 Mexicans have contracted the disease.[4]

In 1994 and 1995 financial manipulations affected Mexico's peso. The peso lost much of its value. To whom? To the big banks. Citibank alone had a $2.9 billion stake, boasting of the huge profits that accrued to it from its manipulations. President Clinton, ever loyal to the financial institutions and serving their interests, found a way to bypass

Congress and promise loans and guarantees in the amount of $48-50 billion to bail out the banks that lost. He reminded them that Mexico has "good collateral;" it has a lot of oil.

The world's land lords are not interested in just the currencies and paper financial instruments. So Mexico got our bankers' created paper, and the United States gets Mexico's oil. The physical assets are what the land lords are after, and manipulating the currencies is only a means to that end. They have the same goal in China, which also has great oil reserves.

The policies for despoiling and impoverishing the nations are set by the three new aristocracy's organizations, the Council for International Relations, the Trilateral Council, and the Bilderbergers. All the chief operators of the debt-based money systems belong to at least one of these. Policies are determined not by any real concern for nations' welfare, but rather with a view to gaining possession of their natural wealth and resources. Limiting their population growth, inhibiting their ability to defend themselves militarily, and finding an excuse to impose economic sanctions or war are among the means used to achieve that goal.[5]

Obstructing Development Leads to War

Fed up with the "shock therapy" that was being administered through the IMF and the World Bank, Russia presented a very dangerous situation for the world. The real power is now in the hands of the military and has the potential for leading into the ultimate tragedy of a world war.

That could end up in "shock therapy" in reverse for the land lords of the world. Or, perhaps war is what they want. There are untold profits to be gained from a war. During Lincoln's presidency, the *land lords of the world* boasted that they would see to it that “great profits will be made out of the Civil War.” The people, of course, are the ones who pay with their lives as well as with the wealth they produce.

The encyclical *Centesimus Annus* reminds us that a free economy that is . . . an unbridled affirmation of unbridled self interest only. . . has led to cruel wars in which great nations invested their energies and violated most sacred human rights and exterminated entire peoples (no. 17). It points out that an economic consequence has been an insane arms race that swallowed up the resources needed for the development of national economies. Scientific and technological [resources] were directed to the production of ever more efficient and destructive weapons. . . . We must repudiate the idea that the effort to destroy the enemy, confrontation, and war itself are factors of progress and historical advancement (no. 18).

The military and defense-industry sector of the United States is the greatest exporter of military equipment to the nations of the world. That is their concept of a free-market economy. They are constantly on the lookout for new markets for munitions and military equipment. Going back all the way to the American War for Independence and subsequently in our history, these industrialist members and banker colleagues of the land lords have not hesitated to finance and supply both sides of a war. Their only loyalty is to profits and money.

Genuinely Free Markets Contribute to the Economy

In principle, within the context of an honest debt-free money system, justice and respect for human dignity of the citizens of every country, genuinely free commerce among all nations makes sense. It would create honest and secure jobs and promote genuine prosperity in all the nations involved, based on the productive capacities of their people. With the current debt-based money system and its agricultural monopolies, so-called free trade just enables the land lords to exploit more freely.

Protectionism is pictured as the great devil standing in the path to the so-called free trade. But the fact remains that the first obligation that a nation has is to be able to feed its own citizens and to let them provide themselves with essential necessities of life. With the turmoil among nations and the constant threat of sanctions by the new aristocracy, it is essential for every nation to keep its agriculture and essential industries viable and to protect them from being ruined by exploitation from abroad.

Pope Paul VI *On the Development of Nations*

How does all we have said in this chapter find support in Pope Paul VI's *On the Development of Nations*? The response to that question is the following very condensed summary of paragraphs 10-18 of the encyclical. A complete summary (with direct quotations) is provided in Appendix A. Pope Paul VI writes in the encyclical that one great obstacle to progress in underdeveloped countries, is the tension between modern techniques and technologies on their culture. The new technologies bring with them a culture that is opposed to the traditional moral, spiritual and religious values. Native cultures are diminished when the new technologies bring with them a culture devoid of such values. The greatest service that is rendered to peoples in these circumstances is to teach the native population how to take advantage of natural resources and become self sufficient, rather than permit the greed of foreign investors to loot them.

The Church has no desire to be involved in the political affairs of any nation but offers mankind a global perspective on man and human realities. She reminds him that his development cannot be restricted to economic growth alone but must foster development of each man and the whole man. . . .

However here we are primarily concerned with the economic. . . . As we reap the benefits of prior and contemporary generations, we have an obligation to future generations. We are duty bound to work at the pursuit of life's necessities so that the proper scale of values can be maintained in future generations (highlights from nos. 13-18).

The New Colonialism

The same encyclical also speaks of colonialism, initially in paragraph 7: Today the Big Seven industrial nations, especially the United States and England, are incessantly pushing all the rest of the nations of the world toward what they call “democracy, free-market economy, and financial reforms.” This is what New colonialism means. The industrial nations are carrying it out through the World Bank, the International Monetary Fund, and the Federal Reserve banks and their associated 173 central banks.

Democracy means, we don't want any strong leader in the nation whom we can't control. We want a disorganized people, ignorant of what is going on. These we have ways to manipulate to fit our agenda.

Free-market economy means our food monopolies and big industries want a free market, a free flow of our products, to be paid for by the products of citizens' labors at a price we are willing to pay, assuring maximum profits for our investors.

Monetary reform means we want all countries to adopt our debt-based-money system. We will help a nation get started by lending it money. Then it will be in debt to our bankers, and they will tell its government how to run the country. It means, in a word, colonialism.

Notes:

1. Executive Intelligence News Service (EIRNS}, January 12,1994. EIRNS is an international organization of highly qualified reporters outside the controlled establishment media.

2. Maryknoll (May 1994) is a publication of the Maryknoll missionary priests, brothers, and sisters, who since 1911 have had missions throughout the world. Maryknollers also publish News Notes analyzing peace and justice Issues from a faith perspective.

3. Henry Kissinger has been knighted since 1993. He now represents the Interests of England and is a key person serving the agenda of the Land Lords of the World, through whose involvement he became secretary of state and advisor to an American President. A former Secretary of State renouncing his American citizenship by accepting an English title?

4. (EIRNS} May 20, 1993

5. Read the whole NSSM 200 document prepared under Henry Kissinger which targets thirteen nations for the implementation of depopulation policies (the document was described in Chapter 9.) The new aristocracy thought these thirteen nations were developing so fast that some day they might present a national security threat to the big industrial nations and had to be stopped.

Chapter 19

Religion, Morality, and Education

Why this chapter?

The answer to that question is that if we had continued to build this nation on the foundation of the three essentials for good government named above in the title of the chapter, no one would be writing a book today about a world held hostage by debt.

Religion alone can provide the absolutes necessary for a morality that can direct the human heart to a love that will respect the dignity, destiny and all other natural rights of its brothers and sisters in the human family. Yet contrary to the injunctions of the founders of our country, our legislatures and courts today reject all religion and objective morality from the conduct of government and society. Our federal government has monopolized all education beginning with the public school system calling for control of children from age three. The system rejects parental rights and claims it is protecting the children from parental abuse. That abuse is defined as denying children's "rights" to being taught that there is no right or wrong, that lying and cheating are ok if they help you to get what you want. They have a right to try sex even with things or animals. Homosexuality is now a right and not considered immoral. If the parents object and don't let their children attend those classes they are abusing them and can be sued.

This is all happening today and has been for far too many years. Parents and school boards are being sued, but there is also much opposition to the whole system being implemented. Proponents realize that and are taking time to infiltrate all education quietly one step at a time under various innocent sounding titles. Some of us are fortunate if living in rural areas where only a few details are being implemented mostly through school boards and colleges that train teachers. We are indebted to the many dedicated teachers who still teach our children the academics and believe there is such a thing as right and wrong. But the pressure is on.

Parents need to be forewarned and to inform themselves about the dangers facing them and their country. Under the last heading in this chapter, “The Federal Curriculum” they will get a better idea of what kind of education we are talking about. There are few if any details in that article. For the extensive details that “put flesh on those bones” presented here, you have to read the text of the laws involved and mentioned there. Your Congressman should be able to provide them for you. Reach out, learn and form a solidarity with the many parents who already are fighting for their rights. Luckily President Bush was on their side in principle but unfortunately he signed the latest ill conceived law that in practice denies parental primary right to control the education of their children on the local level. The laws enacted give the federal government total control.

This book is largely devoted to explaining and demonstrating the mechanisms needed to free the world from debt and poverty. In chapter one and elsewhere the importance of love and of other virtues needed for the total healing of human hearts is presented. But to balance our approach a bit further a short chapter like this will remind us that no matter how elaborate the plans we have for the solution of the problems “Unless the Lord build the house, they labor in vain who build it.” Psalm

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A Lesson from History of Israel

In the history of the formation of the people of Israel into a nation there were many episodes of suffering, oppression, and slavery. Genesis and Exodus relate the slavery and the oppressive laws in Egypt. Then came the sufferings during a forty-year sojourn in the desert and the journey to the Promised Land under the leadership of Moses. In the designs of Yahweh they were a people destined to bring the knowledge of the true and living God to the nations. Throughout their history they received the guidance and direction necessary to fulfill that mission. Nevertheless, it was up to them to choose the direction they would go.

Choose life and freedom, or slavery and death. Here is what will bring you freedom. There is what will keep you forever in slavery. The way to freedom and life is keeping the commandments. The way to slavery and death is to disregard the ten commandments (adapted from Deut. 30).

So long as they observed the commandments they remained a free people and prospered. Whenever they drifted away from them they lost their freedom. The greatest instance of this happening was the Babylonian Captivity, during which they almost lost their identity as a nation.

The commandments were not just arbitrary rules drawn up by Moses. They were laws based on the very nature and dignity of human beings as creatures of God. The people of Israel and their leaders took pride in the fact that their nation was the recipient of these laws. Their prophets cried out in gratitude: “What great nation has laws and decrees that are as just as this whole law. . . . Observe them carefully, for thus you will give evidence of your wisdom and intelligence to the nations, who will hear all these statutes and say; This great nation is truly a wise and intelligent people” (Deut. 4:8, 6).

The Splendor of Truth

Pope John Paul II puts it very succinctly in his encyclical *The Splendor of Truth*. About the ten commandments he writes:

These norms in fact represent the unshakable foundation and solid guarantee of a just and peaceful human existence, and hence of genuine democracy, which can come into being and develop only on the basis of equality of all its members, who possess common rights and duties. When it is a matter of the moral norms prohibiting intrinsic evil, there are no privileges or exceptions for anyone. It makes no difference whether one is master of the world or the “poorest of the poor” on the face of the earth. Before the demands of morality we are all absolutely equal. By protecting the inviolable personal dignity of every human being they help to preserve the human social fabric and its proper and fruitful development. . . .

Even though intentions may sometimes be good, and circumstances frequently difficult, civil authorities and particular individuals never have the authority to violate the fundamental and inalienable rights of the human person. In the end only a morality which acknowledges certain norms as valid always and for everyone, with no exception, can guarantee the ethical foundation of social coexistence, both on the national and international levels. . . .

Only God, the Supreme Good, constitutes the unshakable foundation and essential condition of morality, and thus of the commandments, particularly those negative commandments which always and in every case prohibit behavior and actions incompatible with the personal dignity of every man. (nos. 96-99).

Here in the United States we have achieved a level of material prosperity that is the envy of the rest of the world. Yet somehow, often after a lifetime of industrious effort, millions upon millions of our citizens are left unemployed, homeless, hungry, poorly educated, destitute, or wards of the government. The poor are getting poorer and more numerous, and the rich are getting richer and likewise more numerous, as the media continue to report to us. We are a nation in economic slavery. Those in want and even the more comfortable middle class are at the service of the land lords of the world through debt and excessive taxation. Those who are rich, the land lords themselves, are not truly free either. They are spiritual slaves of their own greed.

Could we not benefit from the example and history of the Jewish nation by recapturing for our country their formula for achieving economic freedom and a life of dignity for all our citizens? Why not return to those inspired laws that were the pride of their nation? It would not only contribute to the economic freedom of the citizens who are enslaved in poverty but actually lead our nation to unprecedented greatness.

Observing even two of those commandments, the ones enjoining honesty and fidelity to truthfulness, would change the face of the planet and bring economic justice and peace. But why stop with those two? All ten were given to help us be truly human and to govern our relationships with our fellow human beings and our Creator. The founders of our nation approached the planning of our nation's *Constitution* in the same way. They held that “religion, morality, and education are necessary to good citizenship and should forever be encouraged.”

That is the exact order in which they stated those "indispensable" requisites for the new experiment of democracy. Religion was placed first, because it is the foundation of morality. Certainly we cannot legislate morality, and we cannot eliminate crime by laws alone. Only religion and a sense of responsibility to our Creator can do that.

The Northwest Ordinance

One of the most significant accomplishments of the Congress of the Confederation was passing the Northwest Ordinance on July 13, 1787. This organized the northern portion of the Ohio Valley on lines laid out originally by Thomas Jefferson. Out of this territory west of the Allegheny Mountains were formed the states of Ohio, Indiana, Illinois, Michigan, Wisconsin, and the part of Minnesota east of the Mississippi.

Section 14 of the Northwest Ordinance provides us with an understanding of the mind of that Congress concerning the fundamental principles to be followed in the government of these new states. It can therefore be assumed that this was the way they understood the provisions of the *Constitution* by which the original colonies were to be governed: “It is hereby ordained and declared by the authority aforesaid, that the following articles shall be considered as articles of compact between the original States and the people and States in the said territory, and forever remain unalterable, unless by common consent, to wit:”

These are the six articles that follow:

Article III:

> Religion, morality, knowledge, being necessary to good government and the happiness of mankind, schools and the means of education shall forever be encouraged. The utmost good faith shall forever be observed toward the Indians; their lands and properties shall never be taken from them without their consent; and in their property, rights, and liberty they shall never be invaded or disturbed unless in just and lawful wars authorized by Congress . . . but laws founded in justice and humanity shall, from time to time, be made for preventing wrongs being done to them and for preserving peace and friendship with them.

It is worth noting that the education described by the founders of our country was meant to include religion and morality as well as general knowledge. These were deemed "necessary for good government and the happiness of mankind." Religion and morality must also enter into economic issues of justice and property rights, as shown by Article III's concern for the Indians.

Separation of church and state was adopted to avoid the friction that existed between the two in lands from which the colonists emigrated. The founders understood that both church and state each had their proper areas of service. They believed that there should be honest cooperation, with the state encouraging religion and the church promoting good citizenship. For the state to divorce itself from religion completely is contrary to the intention of the founding fathers.

Today, instead of encouraging religion, the state has been doing just the opposite. It impedes it in various ways and imposes irreligion on our educational system, judicial system, and public life in general. The state has injected itself into an area in which it has no competence, that of morality, and is thereby interfering with the church's work and mission. The state has more than enough to do to provide for the economic welfare, protecting “the life, liberty, and the pursuit of happiness” of its citizens. It should leave the religions free to do their work without discrimination or favoritism. They are better qualified for teaching morality, even with their differences.

Life, Liberty, and the Pursuit of Happiness

President Clinton, like all our nation's presidents, has taken the oath of office to uphold and defend the *Constitution*. This includes Section 1, Article 14, which states: “Nor shall any State deprive any person of life, liberty, or property, without due process of law nor deny to any person within its jurisdiction the equal protection of the laws.”

The science of biology is witness to the fact that even a single newly conceived cell is a human being, with all the characteristics of a distinctive individual, already programmed in its genes. Neither human nature nor personhood exists in the abstract. There is no such thing as human nature in general. It is always in a particular human being. The fetus has a right to the same protection from the state as every other person. Removing all restrictions to abortion, impeding parental involvement and obligatory counseling, and opening the door wide to experimentation on unborn children are inconsistent with Mr. Clinton's oath of office. The *Constitution* forbids depriving any person of the right to life without due process of law and provides for equal protection of the law for all.

The president's assertion that he is not pro-abortion but for "choice" is neither honest nor responsible. Every person already has the power to choose, and too many women choose abortion, mostly because of ignorance of its intrinsically evil nature as well as of its consequences for themselves. But every person with the power to choose also has the responsibility for the choices he or she makes before conception.

No True Democracy Without Education for Good Citizenship

As regards to education, the third necessity listed by the founding fathers, the state has not proved itself any more competent than the church. In our country, as well as in most countries of the world, the church has always shown concern for good education and has initiated most of the great universities. It can be counted on to prepare people to be good citizens. Giving children a religious foundation for moral life is the cheapest and most effective means for reducing crime and the economic and social costs of maintaining prisons.

Education is also conducive to a sound and prosperous economy in other ways. There cannot be a sound economy without honesty and respect for other people's right to a life worthy of human dignity, and for people's property. An educational system whose main goal is to prepare each generation for a life motivated by self-interest, personal gain, profit, and greed fails to prepare our youth for honest and fully responsible citizenship.

The founders of our nation considered religion "necessary" for good government. The federal public school monopoly has been rooting out all traces of religion, even the mention of God from education for decades. Our judges and legislators have been formed by such a godless system opposed to all religion. No wonder they are incapable of giving us good government. The next heading "The New Federal Curriculum" will show what our children are being taught today. It doesn't presage well for the kind of government we can expect in the future, unless we become involved in rescuing education from federal control.

By tax discrimination against religious schools and removing religion completely from the formation of our youth our society has come to the point of not knowing how to prevent or reduce its heavy crime rate. Without religion, it is unable to find a solution for the ever increasing teenage pregnancy rates, the violence in our big cities and suburbs, riots, the AIDS epidemic, or the moral irresponsibility and violence that starts with the greatest child abuse of all, not permitting them to be born. In spite of the fact that we are spending almost five times more on education than we did only twenty-five years ago we have failed to form our young people to be good citizens. Missing are the three ingredients our founders considered “necessary”.

To reverse that discrimination the least we can do is give the churches the same freedom to maintain their schools with their own tax dollars that the people who use public schools have, to maintain them with their taxes. Why the double taxation of people exercising their primary right as parents to teach their children in schools that include religion in forming responsible citizens?

The sooner that we overcome our foolish opposition to religion and morality in education, the closer we will be to the ideals of our founding fathers, who considered them necessary for good government. Other nations have taken such steps. So can we, let the true American spirit of fair play prevail.

The New Federal Curriculum

The federal government took control over the curriculum in our public schools in 1994. It did so quietly, hiding it under the good and harmless word “Standards.” Nobody would object to that. The Goals 2000 law defined the goals. The School-to-Work law prescribed the shift from academic subject matter to teaching attitudes, beliefs, values, themes, behaviors and job skills. This was all supposed to be “voluntary.” But then the third law known as H.R. 6, an appropriations re-authorization bill, warned the schools that they would not get any federal money unless they conformed to the other two laws.

This third law named and funded a private organization, the Center for Civic Education (CCE) to develop the national standards for teaching civics and government. This was reconfirmed in the 2002 law “Leave No Child Behind”. Again, an innocent sounding title. This means that the CCE is empowered with the force of federal aid to decide what is taught in our nation’s schools about civics and government. Is this honest education in a country boasting of its freedoms?

The New Federal Curriculum is centered around seven themes:

1. Undermining National Sovereignty, to prepare the new generation to give up the United States our Fathers gave their lives for and to accept World government.

2. Eliminating Natural Rights, which destroys our natural rights

to life, liberty, and property. The only rights that will be recognized will be those granted by the World Government.

3. Minimizing Natural Law.

4. Promoting Environmentalism does not teach the children to protect the environment and use it as good stewards for the good of people, but rather teaches a new natural religion of worshiping the trees, the frogs, or animals, instead of using them to serve people's needs.

5. Requiring multiculturalism which includes all sexual deviations, forced abortion, contraception, sterilization and forced so called sex education from earliest years.

6. Restructuring Government which requires central planning of all the tasks needed for every job.

7. Redefining Education as Job Skills.

That is not education fit for a society of free citizens. It is brainwashing by a world dictatorship that does not free people to think for themselves. It is being forced upon citizens by their own government preparing to deliver them to World Government by an atheistic and socialist United Nations.

This Subheading is Based on information by Allen Quist, professor of World Politics, candidate for Minnesota governor in 1994. His book "The New Federal Curriculum and How It's Enforced" was published in 2002.

A World Held Hostage By Debt

Chapter 20

Political Reform

Introduction to this Chapter

How is the Chapter relevant to "A World Held Hostage by Debt?" For an answer to that question consider that it was by politics at the highest level of government that the first national debt was incurred. It was by politics that a private consortium of international bankers obtained the power to create money based on debt and to continue to create more of it with the cooperation and connivance of politicians.

By 1913 the "The International Imperialism of Money" had become virtually in control of all the economies of the world with their depressions and inflations. Politics created the system. Now the system controls the politics of 184 nations.

In 1913, the great majority of the citizens were opposed to the proposed Federal Reserve Act. The power of Wall Street money corrupted the politics of Congress and the media, to pass the Act anyway. From that day on the Federal Reserve System controls the politics and Congress of our supposedly democratic nation.

This Money Power is now so entrenched and has corrupted our whole political environment to such an extent that it presents us with an almost insurmountable obstacle to ransoming the world from being held hostage by debt and from the ensuing poverty. But, Chapters 21 and 22 will demonstrate significant lessons on how ordinary citizens are breaking the cycles of debt and poverty. Chapter 24 will put those lessons together to show us how we can achieve the ultimate victory over debt and free the world from its status as its hostage.

A Challenge from Abraham Lincoln

"It is for us the living... to be dedicated here to the UNFINISHED work **which they who fought here have thus far so nobly advanced....that government of the people by the people, and for the people shall not perish from the earth."**

These words were spoken by one of our greatest Presidents, Abraham Lincoln, on November 19, 1863. They challenge us to pick up the unfinished work advanced by those who gave their lives during the Civil War to continue the work of providing the nation with a more truly representative government of, by and for the people. Lincoln was not completely successful in achieving that objective; the financial powers proved too powerful and prevailed in stopping him, ultimately with an assassin's bullet. It is clearer today than it ever was, that we have moved farther away from the unfinished task instead of advancing it.

Government of the People, by the People, and for the People

There are 435 Representatives and 100 Senators, 535 in all.

When they bow to the pressure from the president and the thousands of lobbyists working for special interests worldwide, can we say they are representing the citizens? Nobody seems to know exactly how many lobbyists there are; not all are registered. Estimates range all the way up to eighty thousand. Whatever their number, they greatly outnumber the legislators, whom they influence to make laws serving the interests of their employers. Hardly government by and for the people! Yet not all legislators succumb to lobbyists or to pressure from the president. Some of them are strong defenders of the principles and ideals on which our nation was founded, but they do not have the support of the majorities in our legislatures.

It is evident from the legislation that is passed, that dies in committees, or that it is rejected on the floor of the legislative bodies that the main concern of the majority of legislators is their own reelection, not the common good of the people.

Perhaps the greatest assault on "government of the people, by the people, for the people" comes from the government bureaucracies, created but not adequately controlled by Congress. They are not elected by the people, yet it is through them that the land lords of the world exercise the most power over the citizens. By their regulations, often confusing and contradictory, they deprive the citizens of elementary rights and justice; there is no recourse from their decisions, regardless of what the Constitution says. And one of our Supreme Court justices was bold enough to state that the Constitution means what the justices want it to mean. So, by whom and for whom are we governed?

The right to issue money is a matter of total power. The Federal Reserve and the great commercial banks haven't the slightest idea of giving it up. They will never relent. They will spend billions in propaganda; fight and stop at nothing to retain their favored position. None of them have any real concern for our country, except to plunder it.

These men and women, however, are not the only ones to call to account. All of us who have submitted to this misrule, bear the responsibility for correcting the way we are governed. **Genuine political reforms are needed to provide a fully representative government.** But such reform is not achievable so long as our politics and politicians are controlled by the power of money. It is essential, therefore, that this money creating power be removed from the private Federal Reserve Bank and all associated banks first, before the rest of the political reforms can be made.

Please note that monetary reform is also political and calls for political action. But monetary reform is to be placed on our agenda first because it is more readily achievable within our current political environment. Congress has already reserved to itself the power to repeal the Federal Reserve Act. All the citizens need to do is to elect a Congress that will be committed to repealing the Act. That is a formidable challenge in itself. But it is achievable with sufficient prior education and a new solidarity of knowledgeable citizens. There is already much opposition to the Federal Reserve Act among the citizens. It's on the minds of many of them. A call for information about the Fed on the Internet, as of March 1, 2002 brought 1,420,000 responses. With the Federal Reserve Act repealed the road will be open to full political reform.

Specifics for Political Reform

Thirty years ago two retired navy surgeons, brothers Charles S.

and Russell L. D. Norburn, after five years of study and research, suggested many of these specific changes to our political system. They offered them to the nation in their book entitled "A new Monetary System". A search at the Copyright Office in Washington D.C. failed to find them or a current copyright. The author of this book assuming their work is now in the public domain, uses the information but gives them the Credit for it. He has adapted and reworked the following specifics in the light of present needs and political environment.

1. The people of each congressional district and each state must be free to choose their own representatives and senators without interference or the influence of interests from outside their districts or states. Therefore, no money, lobbying, or assistance to a campaign from the outside will be permitted. This includes, for example, speeches by any current member of Congress, governor from another state, or anyone from the presidential office.

2. A political party, with a well defined platform that takes a clear stand on one or two major issues and objectives, shall be responsible for the candidates it provides from within each district and state, for the national ballot. These candidates shall be from among citizens at the grass-roots level who share the views represented by the party.

This provision will save both the candidates and the voters from the confusion that results because of the large number of topics and the ambiguities that are presented by the various parties, often overlapping each other. When a given party is successful in the election, it will need time to implement the one or two major planks of its platform. Then it can take up other issues. If it doesn't resolve these to the satisfaction of the majority of the citizens, the party can be ousted in the new elections that will follow shortly.

3. Every two years each political party shall have a well-advertised district or state caucus. The purpose of this caucus shall be to discuss thoroughly and select their own district priorities as well as one or two specific pieces of national legislation that are a major concern in the district, as well as what issues of national interest need attention from Congress. This shall all be done with loyalty to the basic philosophy and major objectives of the party. When consensus has been arrived at, the caucus shall elect by secret ballot one person from within the residents of the district who is in sympathy with the declared position to represent the district at the national convention.

We can see that this is representative democracy in action. Each congressional district is a sealed unit representing that segment of citizens, not financial or lobbyists' interests from outside its boundaries. The state is a sealed unit in the election of senators. The same procedure can be adapted to local elections.

4. A national convention of each party shall be held soon after the caucuses are held, once every two years. This shall be a very simple and quiet working convention for the sole purpose of writing the party platform for the forthcoming election. The platform shall be written in simple, clear, and specific language so that every candidate and every voter may know exactly what is meant. The proposed handling of just a few important issues should be gone into thoroughly, so that the voters can distinguish at once the differences between or among the parties. Platforms prepared this way by representatives from the districts and states will reflect what is for the best interests of the country instead of serving the special interests and lobbies that now control the legislative processes. These conventions shall be held close to each other, so that the public will be able to compare them easily.

5. Following the national conventions the federal government shall require all newspapers to carry the full text of each party's platform in the next two Sunday editions. This shall be deemed a patriotic duty of the press and a service to the country. Each party's platform shall be binding on all of the party's candidates, elected officials, or their appointees. In their oath of office they shall be required to subscribe to the provisions of the platform.

6. The logical time for candidates of any party to register and announce their candidacy is after the platforms have been published. Allowing two weeks for this should be ample.

7. A candidate may use his or her own money, up to a modest limit, and donations from constituents to explain and promote the platform of the party he or she represents, not to exceed $1000 from any one individual. No donations from any corporate body or PAC will be permitted.

A strict accounting of all of the candidates' transactions and expenditures shall be required and before the primary elections, the local press shall report these records without charge. No funds shall be spent after such disclosure. The total amount a candidate may spend shall be limited by law. These conditions allow candidates to surface on the basis of qualifications rather than fund-raising. Failure to meet any of these requirements shall disqualify the candidate.

8. Federal primary elections shall be held at federal expense, nationwide, on the same day. The candidate receiving a majority of the vote in his or her district or state shall be declared the nominee of the party having the platform he or she has pledged to honor. In the event that

no candidate receives a majority, a run-off election will be held promptly between the two top candidates with no further campaigning. The one of these two receiving the highest number of votes shall be declared the nominee. Nominees, upon confirmation, shall take an oath that, if elected, they will follow the party's platform.

The National General Election

The campaign now shall be for the party's' platforms and not for any candidates. Each party will already have its candidates selected. The federal government shall bear the total cost of the campaign. It shall be a modest but adequate amount, the same for each party.

No candidate shall be allowed to spend his or her own—or anybody else's money. A strict accounting and required penalties shall support this requirement. Leaders of all parties shall have equal time and space for coverage in the media, not to endorse candidates but to discuss the issues of the day and to explain the party platforms.

Political opinion polls shall be forbidden by law so as not to interfere with the elective process. National ballots or machines shall carry only the names of the parties, not the names of any candidates. The election shall be held the same day in all states. No partial results shall be announced while the voting is still going on in some sections of the nation. Only after all the votes are counted shall the victorious party in each district and state be announced.

The Election of the President and Vice President

To eliminate the billion-dollar political spectacle and media "hoopla" with which we are entertained every four years in electing a president and vice-president, we need to go back to the thinking and ideals of the founders of our nation. Article II (Sections 2 and 3) of the Constitution reflects some of their thinking. These sections direct the appointment of electors, who presumably would be the best qualified citizens available, ones with no financial interest at stake but only the best interests of the nation at heart.

These men were to elect the president and vice-president. It was that system that gave us presidents and vice-presidents like George Washington, John Adams, Thomas Jefferson, and James Madison.

With the advent of active political parties and the growing power of the financial interests strongly engaged in the political process, the electors provision has become a meaningless gesture and has no value whatever as far as contributing to the ideal of government by, of, and for the people is concerned.

True political reform would eliminate the so-called anachronism of the electoral college but keep the principle of making the choice of president and vice-president truly representative of the people.

The newly elected congressional representatives so carefully chosen by their respective districts every two years form the closest bond with the people. It is assumed they are the majority party.

The selection of president and vice-president shall be placed directly in the hands of the members of the House of Representatives just elected. The Speaker of the House shall have no vote except in the case of ties. In such an event the Speaker shall cast the deciding vote.

The first order of business of the newly elected House of Representatives shall be the selection of the president and vice-president. All persons nominated shall come from the political party having the majority in the House and must subscribe to the party's platform.

The procedures for Presidential Election

Each member of the House must submit in writing two names of people he or she deems best qualified to be president, at least one from outside his or her state. All balloting shall be secret on the floor of the House, but all ballots shall be signed and later made public. The Speaker of the House shall tabulate the results, break any tie by his or her own vote and shall announce the names of the five receiving the most votes.

The second ballot would eliminate the lowest of these five; the third ballot the lowest of the remaining four; the fourth ballot the lowest of the remaining three. This would leave two candidates. The fifth ballot would determine which of these two will be president and which vice-president.

The term of office of the president and the vice-president shall be two years—until the next election of the next House of Representatives. After being elected, the president and vice-president shall be sworn in and take office immediately. This would eliminate what we call a lame-duck presidency, with the opportunity that this presents for abuse of the remaining period of a presidency.

If in two years the same political party elects a majority of the Representatives, at their first meeting they shall vote whether or not to confirm the president and vice-president for another two-year term. If the vote for either is negative, a new election shall be made for that vacant office. If the vote is in the affirmative, the incumbent shall continue in office. The term of office for both presidency and vice-presidency shall be limited to three terms (six years).

In the case of death, recall, or retirement of the president, the vice-president shall succeed as president. The House shall then lay aside all other business and shall elect a new vice president.

Judiciary Reforms

This properly comes under the heading of political reform inasmuch as the whole process of presidential appointments to the Supreme Court has been disgracefully politicized. The term of Supreme Court justices shall be reduced to eight years; a justice may serve no more than two terms. Congress shall be able to override the ruling of any Court, just as it can override a presidential veto, by a two-thirds majority.

Other Political Reforms

Congress shall have the authority to recall any and all elected or appointed officials by a two-thirds vote of no-confidence by the House of representatives.

Retirement at age seventy shall be mandatory for all federal officials, elected or appointed.

Representatives shall be well-compensated but also forbidden to accept other compensation.

Senators, who have not been mentioned specifically in speaking of these reforms, should have their term of office on a par with that of the members of the House; they too could be elected in each state following the same directives as for the district representatives.

Consequences of Above Political Reforms

These political reforms would bring government back to the ideals of the founders of our nation, a government of, by, and for the people. Starting at the Congressional district level, the reforms presented offer true representation of the people of the district by eliminating all financial and personal influence from outside of the district. By limiting the contributions and expenditures for the campaigns, the reforms broaden the prospects of more qualified candidates entering the race for political office. Further, excluding special interests at the district level and obliging the local candidates to concentrate on issues important to the local district and the nation, and on loyalty to the party platform, will enable the Representatives to be better legislators and not to succumb to the influence of lobbyists.

The proposed reforms provide for fair and well-ordered political campaigns, involving the media in preparing the people to vote intelligently and responsibly on the issues rather than on delving into the personal lives of the candidates and what they did five, ten, twenty years ago. Good people can make mistakes and bad people can change. What is important is who and what the candidates are now and how qualified for office they are now.

These political reforms greatly simplify the political process of representative government and will save billions of dollars worth of meaningless campaigning and wasted time. They will help bring honesty and integrity into government and avoid the interference of the big financial and other special interests in the conduct of government. Elected officials will not need to waste their time or money on campaigning for re-election. Having done their job well and loyalty to the party platform will be the only requirements for reelection.

With the executive and legislative branches of the government in the hands of a majority party, there will be unity and cohesion. Meaningful legislation prepared from input at the grassroots level at the national convention and embodied in the party's platform will be passed.

With these monetary and political reforms implemented, the United States will be a model democracy. Other nations will no longer submit to "shadow democracies" imposed on them by the International Monetary Fund and World Bank and other members of the new aristocracy.

A New Majority Political Solidarity Needed

Both the Democratic and the Republican parties are completely dominated by the money powers which they helped to create in 1913. These are now the masters of both parties. Whatever changes these two parties try to institute may not touch the privileged positions of the creators of the money which gives this power over the politics of the whole word.

A new political party is urgently needed, completely free from all ties to the financial interests using the debt-based money system and fractional reserves. It must be free from the liberal biases imposed on the media by the Council of Foreign Relations.

There are many good legislators in the present major parties who could qualify to be founders of such a new party and be better able to serve their country without being subjected to the dictates of financial elites and One World propaganda.

The Potential for a New Political Party

During the 1992 presidential campaign 22 percent of the voters were dissatisfied with the candidates from both major parties. And many people didn't vote at all.

An essential objective of the new party must be to repeal the Federal Reserve Act of 1913. There are many state legislatures that have passed resolutions and memoranda calling upon Congress to do that. Among the states passing such resolutions are Arizona, Arkansas, Idaho, Washington, Oregon, Indiana, Alabama, Texas. They would be happy to support a new political party with such monetary reform on its platform.

On the educational front, Ludwig von Mises Institute at Auburn University (Auburn, Alabama) provides training for thousands of economists and strongly supports the Repeal Act and of the monetary reform it creates.

The Schiller Institute, with American headquarters in Washington, D. C. deserves special mention. Its philosophical basis is more sound than that of the Von Mises Institute and it to supports repeal of the Federal Reserve Act or to audit or control this independent, private, banking monopoly. Its twin is the Executive Intelligence Review, an outstanding international news source with headquarters in Washington, D.C., and European headquarters in Germany and Denmark (with fifteen other international bureaus).

The Liberty Lobby and the American Free Press, the only completely independent news source in our country, provide a strong voice for monetary reform including repeal of the Federal Reserve Act.

All the foregoing entities provide a significant potential for freeing our country from it's status as a hostage of Debt and ultimately that of the world. Freed from debt to private banks, all nations will be enabled to proceed with their total economic development. Naturally none of the bankers or their controlled media want you to know any of this.

To Be Active Participants in the New Political Solidarity

Members of this new party must take pride in being invited to take part in restoring a true aristocracy of citizens to our country. Thomas Jefferson defines their role is striving to be the best qualified by virtue and talents to assume the responsibilities of democratic government.

Jefferson has lately become the target of "revisionist historians" who for reasons of their own seek to deny the Founders of our country their true place in history. Joseph J. Ellis, professor of history at Holyoke

College and faculty dean for ten years was educated at William and Mary University. This was the same University from which Thomas Jefferson received his education. In his recent book and a film together with Gary Willis, another eminent historian, give us a balanced account on Jefferson. Together, their research on Jefferson, relevant to American political life, honors him as the best President our nation has ever had and a role model for future presidents. Please review Chapter 8.

Members must be totally convinced and committed to the proposition that only through a well organized new majority political party can the necessary agenda for monetary and political reforms be effectively implemented. Finally, they must accept and be loyal to the party platform.

And! We Already Have An Ideal Political Party,
It is the Constitution Party

The Constitution Political Platform of about 24 pages meets all of the requirements mentioned above, plus it assures us that all the freedoms and rights and everything the American Constitution and Founders of our nation hoped for will be secure under its political stewardship.

Just log in on their Web Site, http://www.constitutionparty.com/ and print out their 24 page Political Platform. It's a masterpiece. All the Party needs is true Aristocrats, knowledgeable citizens to rally to its ranks and support it to make it a Majority Party.

At present our political efforts are dispersed in many different directions. The example of the original thirteen colonies should inspire and encourage us to coalesce and form one powerful united front. The colonies gave up their sovereignty and power to create money for the sake of the unity that was necessary to become one nation. The sooner we accept the challenges of cooperation and solidarity called for by Pope John Paul II and others, the better for all concerned and for the world. More in Chapter 24

Elections Update

In the "Land Lords of the World" published in 1997, it was noted that the vote totals during the Presidential Primaries were being called in to VNS (Voter News Service) a corporation owned by CNN, ABC, CBS, NBC, and AP wire services. This, it was said, leaves the way wide open for computer fraud and vote scams and does not bode well for honest elections. We all saw what happened with our Presidential elections in 2000. By that time dishonesty in politics and vote reporting was fully developed, wasn't it?

A World Held Hostage By Debt

Chapter 21

Micro-Credit for the Poorest of the Poor

We begin this Chapter with a quotation from the introduction of "Banker to the Poor" by Mohammad Yungus, the head of the Department of Economics at the Chittagong University in Bangladesh.

"In the year 1974 Bangladesh fell into the grip of famine. The university where I taught and served as head of the Economics Department was located in the southeastern extremity of the country, and at first we did not pay much attention to the newspaper stories of death and starvation in the remote villages of the north.

But then skeleton-like people started showing up in the railway station and bus stations of the Capital Dhaka. Soon this trickle became a flood. Hungry people were everywhere. Often they sat so still that one could not be sure whether they were alive or dead. They all looked alike; men, women, children. Old people looked like children, and children looked like old people. The government opened up gruel kitchens. But every gruel kitchen ran out of rice....

Religious organizations mobilized groups to pick up the dead bodies from the streets and bury them with proper rites. But soon the simple act of collecting the dead became a larger task than these groups were equipped to handle.....

There are many ways for people to die, but somehow dying of starvation is the most unacceptable of all. It happens in slow motion. Second by second, the distance between life and death becomes smaller and smaller, until the two are in such close proximity that one can hardly tell the difference. Like sleep, death by starvation happens so quietly, so inexorably, one does not even sense it happening. And all for a lack of a handful of rice at each meal in this world of plenty. A tiny baby who does not yet understand the mystery of the world, is allowed to cry and cry and finally fall asleep without the milk she needs to survive....

I used to feel a thrill at teaching my students the elegant theories that could supposedly cure societal problems of all types, but in 1974, I started to dread my own lecture. What good were all my complex theories when people were dying of starvation on the sidewalks and porches across from my lecture hall?....

When I emerged from the comfort of my classroom, I was faced with the reality of the city street...Daily life was getting worse, and the poor were growing even poorer. Nothing in the economic theories I taught reflected the life around me. How could I go on telling my students make-believe stories in the name of economics? I wanted to become a fugitive from academic life. I needed to run away from these theories and from my textbooks and discover the real-life economics of a poor person's existence.....

Instead of traditional book learning I wanted to teach my university students how to understand the life of one single poor person. When you hold the world in the palm of your hand and inspect it from a bird's eye view you become arrogant-you do not realize that things get blurred when seen from an enormous distance. I opted instead for the worm's eye view. I hoped that if I studied poverty from close range, I would understand it more keenly.

My repeated trips to the villages around the Chittagong University campus led me to discoveries that were essential to establishing the Grameen Bank. The poor taught me an entirely new economics. I learned about the problems that they face from their own perspective. I tried a great number of things. Some worked. Others did not. One that worked well was to offer people tiny loans for self-employment. The loans provided a starting point for cottage industries and other income producing activities that used the skills the borrowers already had.

I never imagined that my micro-lending program would be the basis for a nationwide "bank for the poor" serving 2.5 million people or that it would be adapted in more than fifty countries spanning five continents. I was only trying to relieve my guilt and satisfy my desire to be useful to a few starving human beings. But it didn't stop with a few people. Those who borrowed and survived would not let it. And after a while neither would I."

Dr. Yunus' Response to the Poor People's Greatest Need, Credit

Dr. Yunus at first tested the truth he was learning from his visits with the people that small amounts of Credit would make a significant difference in helping them to free themselves from the slavery of debt to their money lenders and poverty. He lent them small amounts from his own pocket. They surprised him with what they could accomplish with such small amounts. So he conceived the idea of a Bank that would lend to the poor who had no collateral, a Bank that would find a way to provide Credit specifically for such poor people.

It was a novel and risky idea and it was only with his extraordinary dedication, patience, determination, and compassion for the starving poor that he was able to overcome the discouragement and opposition from bankers and government.

Against all odds, with great perseverance he pursued his dream of a Bank for the Poor. After much experimentation he finally achieved his goal and called the bank the Grameen Bank. The reason for the name as well as the whole story of the evolution of the idea is given in his book "Banker to the Poor" which reads like a script for a movie.

The Grameen Bank

Bankers, as we know them, lend money in order to make a profit from the interest they charge on the loan. To insure themselves against possible loss should a borrower be unable to repay the loan they insist on "an agreement that gives them the right to take over certain property or asset which the borrower must agree to hand over if he/she can't repay the loan, before the Bank will make the loan. This is called "collateral".

Motivated by his love and compassion for his starving fellow citizens, Dr. Yunus, the head of the Economics department at the University, made repeated trips to the villages and visited the people to learn the causes of their abject poverty and hopeless condition and to ascertain what they needed most in order to pull themselves out of their plight.

He noticed that many of them had skills and the willingness to use them, if only they could borrow a small amount of money to buy the raw materials and the tools they needed to use their skills to produce marketable things to sell.

He learned that the people's greatest need was affordable Credit. The Commercial Banks would not lend them money at the standard rate of interest because the poor had no collateral. The only Credit the people could get was from the usurious money lenders who charged as high as 10% a day, or 3000% a year. At that rate the poor people barely paid for the raw materials, worked hard, enriched the money lenders while themselves remained in perpetual debt and poverty.

How a Grameen Bank Gets Started in a Region

A bank unit is set up with a Field Manager and a number of bank workers, and covers an area of 15 to 22 villages. The Manager and workers start out by visiting the villages and becoming familiar with the situations in each village and its needs and with the people with whom they will be working. They will explain the purpose, the functions, and the mode of operation of the bank to the local population.

This was a well-designed procedure by the Grameen Bank leadership because it served to educate the poorest of the poor and supply them with information the media could never be counted on to give them. This would prepare them to participate in solving their own economic problems and eventually enable them to assume leadership for helping the rest of society to free itself from the burdens of debt and poverty. This is exactly what happened as the institution of the Grameen Bank continues to develop throughout their own country and be replicated to 50 other nations.

After the explanations to the people of the villages have been given, the procedures get down to the personal level before the bank begins to make any Micro-Credit loans. Groups of five prospective borrowers are formed. At the first stage only two of the five will be eligible for and receive loans. The group will decide who they will be and will be expected to see that they repay the loans and assist them if necessary.

The group will be observed to see if the members are conforming to the rules of the bank. Only if these first two members repay their loans plus 16% annual interest within twelve months will the other members themselves, be eligible for loans.

Because of these restrictions, there is substantial group pressure to keep individual records clear. This collective responsibility of the group serves as the collateral on the loan. The willingness of millions of people to accept such responsibilities and restrictions in order to be eligible for Credit shows how important Credit is to enable people to free themselves from exploitation and poverty and also how intensely they want it.

The Grameen Bank and its Procedures

Most of the information used here is taken from the Web Site http://www.grameen-info.org/. It is updated regularly and available by visiting that Site.

"Grameen Bank has reversed conventional banking practice by removing the need for collateral." As a substitute for collateral it introduced and insists on mutual trust, accountability, participation, and creativity.

This means that the Bank is based on the voluntary formation of small groups of five people, each, preferably homogeneous, to make it easier for them to work together. The whole group must take responsibility for each member's performance relative to the borrowing and repayment. As a group they help a member find a way out of not being able to meet an installment on a loan.

Then 12 to 22 groups are federated into Centers. These Centers are functionally linked to the Grameen Bank, whose field workers have to attend the Center meetings every week. Here you have democracy at its finest, people seriously working together in solidarity to remove the scourge of debt and poverty from society, and simultaneously addressing their basic needs for decent housing, sanitation, drinking water, education, etc. Sixteen Decisions which reflect these standards proposed by the Grameen Bank for a better life in keeping with their dignity as human beings were created at a national workshop held in 1984. This was attended by the elected leadership from among the Grameen bank members. It became known as the social development constitution of Grameen and all borrowers are encouraged to implement all these

Decisions in their daily lives.

We can see from this description that the Grameen Bank is not just a Bank, but an educational and formative institution with a mission for reconstructing the total environment and quality of the life of the poorest of the poor that they were condemned to endure.

An Example of What Micro-Credit Does for the Poor

Sophia Khatoon, a 22 year old skilled furniture maker in the tiny village of Jobra in Bangladesh, worked seven days a week, looked twice her age and lived in abject poverty. She made stools and chairs out of bamboo which she had to sell to the money lender who provided her with credit to buy the raw materials. Dr. Yunus calculated that she was paying interest at the rate of 10% a day, or more than 3000% a year. He could not reconcile the fact that a woman with such skill who worked so hard, produced such beautiful furniture at such a high rate was earning so little that she could barely cover the costs of the raw materials.

With a small loan of 50 taka (currently $1.00 USA), it took Sophia only a few months to establish her own little self-employment, increase her income seven fold and repay her loan to the Grameen Bank, no longer to the money lender.

This is how the poor over the world suffer from exploitation by the money lenders when affordable Credit is not available. They work extremely hard and create enormous wealth which their employers, the money lenders keep for themselves while the producers of wealth remain in debt to them and in poverty.

Another Example Confirming Micro-Credit as a Real Solution to Poverty

Mayarani Saha, a 45-year old Hindu, lost her house 15 years ago when a flood swallowed up the small plot on which the house stood in the remote Goyhearpur village near Shivalaya, 45 miles west of Dhaka. She remained homeless, living with her relatives for several years. Then her "miserable" life underwent a dramatic change in 1993.

Today Mayarani and her husband have a house of their own. She no longer works as maid in the homes of wealthy families, her husband is no longer a manual laborer. Together they run a grocery shop in the local market and earn "more than enough" to take care of their three children. Starting with a loan from the village micro-credit society, Mayarani first ventured into the business of making candies.

“After I paid back the loan, I got a bigger loan of $180 to start our grocery shop," she relates. “Now we are doing fine." The Saha family soon plans to rebuild their old house using still another larger loan (Note. $1.00 USA equals about 50 Taka, which is still divided into 100 monetary units.) This story used with permission from Catholic World Report, October 2001.

The Grameen Bank's Record and Statistics, as of August 2001

Founded in 1976, now the Bank has more than 2.4 million borrowers, 95% of whom are women with 1,170 branches it serves 40,000 villages, covering more than half of the total villages in Bangladesh.

The borrowers have been able to support the activities of the Grameen Bank providing them with credit, education, and leadership to improve their water, sanitation, environment, housing, etc. with the payment of 16% interest on their loans. By their example of faithfully following the Grameen procedures that brought them success in achieving freedom from slavery to the money lenders and debt they provided a model which other villages could replicate.

However, as the Grameen idea began to attract interest beyond the borders of Bangladesh, it was evident that promoting and replicating the Grameen Bank to other nations was beyond the capacity of the local borrowers. For that purpose two other Grameen entities were established, the Grameen Foundation and the Grameen Trust.

The Grameen Foundation USA

Micro-Credit is the practice of giving small collateral-free loans to the poor to enable them to build small businesses. Millions of poor around the world have improved their lives that way.

The purpose of the Grameen Foundation USA is to propagate

Micro-Credit outside of Bangladesh where the Grameen Bank was started as an experiment. After much trial and error, procedures were discovered that worked successfully and were developed into a methodology which could be imitated and adapted elsewhere, avoiding a repetition of expensive errors and assuring success for a new adventure like banking without collateral.

The Foundation is a tax-exempt organization created to collaborate with other institutions, both public and private. It is ever open to new ideas, initiatives, and adaptations, while maintaining the perspectives it has learned from the Grameen Bank experiment. It is significant that in the Muslim environment the Foundation has generous support from Christian Church related societies such as Caritas.

As of December 2001 the Foundation had replicated over 100 Grameen-modeled programs worldwide for which it provided training, funding and assistance, working in partnership with the Grameen Bank and the Grameen Trust.

The American Micro-Credit Challenge

The United States where individualism drives American society and clashes with the social collateral requirement presented a new challenge. But just as always, the poor people in need of Credit measured up to that challenge and found a solution which added significantly to Grameen wisdom.

One notable example overcoming that obstacle took place in Dallas, Texas. Preston Malone Sr., center manager, describes it this way. "A key element with these groups was that they recognized that they were sharing the same faith and attend the same Church. People in these groups share similar interests because of a common bond - their faith. They share the same sense of accountability and responsibility and also a sense of commitment to honesty in their transactions. They have a genuine concern for one another. They begin the group training process with a foundation of common values already in place. These groups take ownership in helping one another." Beautiful!

The Grameen Technology Center: A Vision

True to its mission, with forward-looking openness to progress, the Grameen Foundation USA, based in Washington, D.C., has established the Grameen Technology Center in Seattle, Washington to take advantage of the new information-based technologies for the benefit of the poor.

Grameen has a vision of one day bringing the information revolution to virtually all the villages in rural Bangladesh and in so doing to create models capable of reaching the remote areas throughout Africa, Asia and Latin America. Access to communications is seen as highly correlated to the income-earning potential of the poor in the third World Countries.

It is working toward a future where:

1.Wireless telephone services are made available to most of the world's rural poor by enfranchising one poor family per village with a loan to purchase a cellular phone and the modest amount of training and support needed to allow them to operate a profitable “village pay phone.”

2. Thousands of micro credit borrowers own and operate profitable "Village Computing Centers" that are designed to meet the needs and aspirations of the people in their local communities by allowing them to access computers and the Internet for purposes of income generation, health promotion, education and entertainment.

3. Thousands of educated youth in rural areas (mostly young women who would otherwise remain unemployed or have to move to squalid urban slums) are able to become computer literate by taking courses in these Kiosks and then are able to secure rural-based employment by working as subcontractors for national and international companies doing data entry and transcription work as well as writing simple computer software.

4. Unemployed and underemployed laborers (both skilled and unskilled) in rural areas of countries like Bangladesh, Uganda and Bolivia are able to search for jobs through the Internet, cutting out the middleman and cutting down on transaction costs.

5. Farmers are able to find the price of their produce any where in the country, or anywhere in the world, over the internet, ensuring them a fair price.

6. Artisans benefit similarly, and are able to use the Internet to market their goods to retailers, fair trade organizations and directly to consumers.

7. Families in developing countries and their relatives overseas are able to communicate easily and inexpensively by means of electronic mail communications through their local Village Computing Centers.

8. After a period of pilot testing, research and development, technology applications are deployed that allow the health, education, and information needs of the poor to be addressed cost-effectively through tele-medicine, distance learning and other models.

9. Proper applications of information technologies reduce the operating costs of Grameen Bank and other micro-lending programs, thus allowing them to reach sustain-ability (profitability) in a shorter time.

10. Grameen innovations in the information technology field are adapted by a growing micro-credit movement worldwide that already reaches 22 million borrowers and is expected to grow to reach 75-100 million over the next 5-10 years.

Grameen On Its Way to Implementing the Vision

This marvelous vision which the Grameen foundation sets up for itself is no idle dream. It is derived from the burning desire and determination of one man.

He dedicated his whole life and talents to helping the poorest of the poor among his brothers and sisters in the human family to restore their lives of abject poverty to a life befitting their human dignity, as the Creator intended. That man is Mohammad Yungus.

He motivated, inspired and guided the people to pursue that goal for themselves. Seeing their own successes by working together under his guidance in their communities and in solidarity, they caught some of his fire and consider it a privilege to share their successes with the world. Such qualifications place them in an ideal position to make that vision of the benefits of technology become a reality.

Already, Grameen has two affiliate organizations involved. **Grameen Cybernetics, Ltd.** is one of the largest Internet Service Providers (ISPs) in Bangladesh. Though limited to urban areas, the company was created with the purpose of "learning the ropes" of the business so that it would be an efficient ISP in the rural areas by the time Grameen has perfected the Village Computer Center through trial and error.

The second affiliate, the **Grameen Phone, Ltd.** has established a wireless telephone network using Global System Mobile (GSM) technology that will be nationwide in scope reaching an estimated 500,000 subscribers by 2006. Of those 50,000 will be Grameen Bank borrowers who operate Village Pay Phones, serving the communication needs of hundreds of local people. (As of March, 2001, 3500 villages have been connected, and an estimated 10,000 expected to be connected by the end of the year.) Check it out today in 2011: http://www.grameenphone.com/

What An Exciting and Practical Solution to Poverty Micro-Credit Is!

Once fired up with enthusiasm for what they are doing, the micro-credit poor people make things happen, rather than just talk about them. There is something new and meaningful happening all the time on the

Grameen front. Whatever one reads in a book like this needs updating by the time one puts the book down. The only way to keep up with the new is to go on the Internet. Here are some Web Sites that will keep one abreast.

http://www.grameen-info.org/

http://www.gfusa.org/

http://www.microcreditsummit.org/

FINCA Foundation for
International Community Assistance

This chapter would be incomplete without some attention to a newer vibrant and progressive version of the Grameen program. Grameen is still by far the leader in providing Micro-credit to the poor. But Finca seems to be catching up fast with a snappier organization and some effective improvements in its structures. Perhaps for those reasons, it is attracting notice and support from distinguished persons.

Like Grameen it was founded in 1984 by an economist John Hatch, with 20 years experience in international development. He was frustrated with government programs' failures to actively involve the people they hoped to benefit. His procedures for delivering credit are much like Grameen, but in regard to the involvement of the people who are to be served, he has developed stronger ways of moving them from little groups of 5-7 members quickly into a greater solidarity through their families and villages. Family and local village loyalties and reputations serve to form stronger bonds and greater enthusiasm. The greater freedom and sense of ownership that members enjoy fosters initiative and entrepreneurs.

See their web site below as of July 2011.
http://www.finca.org/site/c.6fIGIXMFJnJ0H/b.6088193/k.BE5D/Home.htm

Queen Rania of Jordan launched the Global Endowment For the Poor at Mexico City through Finca on the occasion of the United Nations Summit on Development held March 18-22, 2002 in Monterrey, Mexico. She was the guest of honor at this event.

President Bush addressing the assembly, said: “In Monterrey, we have a tremendous opportunity to begin acting on a new vision of development. This new vision unleashes the potential of those who are poor, instead of locking them into a cycle of dependence. This vision looks beyond the arbitrary inputs from the rich, and demands tangible outcomes for the poor....”

“... To end poverty we must target poverty. Queen Rania is targeting an end to poverty through micro-credit and the Global Endowment for the Poor.”

The Grameen program likewise is attracting its share of notables, among them Queen Sophia of Spain, whom they honored on at least two occasions.

For more information and to take part in Finca’s unique Support program visit their web site listed above - finca.org

Chapter 22
Healing Generic Poverty

Introduction to Chapter 22

Micro-credit and the Grameen programs have specifically addressed the poorest of the poor. We have seen the results of their efforts. But it is evident that not all their employment needs were met. There are other alternatives with greater potential and resources.

The Coady International Institute

This Institute tops the list of the many organizations that are currently in the USA and worldwide, promoting and adapting the seven Rochdale principles of Cooperation as the answer to personal ownership growth, self-sufficiency and community development.

Established by St Francis Xavier University in 1959, the Coady International Institute is a world-renowned center of excellence in community-based development. It was named in honor of Rev. Dr. Moses Coady. Under his leadership the fishermen, farmers, and woodsmen of the Maritime Provinces in eastern Canada undertook a highly successful adult education program which led them to rebuild the entire depressed and exploited area and their lives through the application of the seven Rochdale principles of Cooperation. Based at the city of Antigonish in the Canadian Maritime Province of Nova Scotia, this movement was known as the Antigonish Movement. This "economic miracle" provided the Institute with a laboratory for learning innovative and effective strategies for building communities and addressing issues of poverty and injustice.

It has been the very special privilege for the author of this book to have taken part in a workshop conducted at St. Louis University in 1948 by Dr. Moses Coady personally.

Adult Education
The Top Priority for Any Solution

Foremost among the several on-campus programs which the Institute offers are its educational programs. The workshops demonstrate the adult education procedures learned from the Antigonish Movement that led to the full participation of people in their own development. The goal of this adult education approach is to improve the people's capacity to work together, in small groups and in organizations, to renew and strengthen their communities. These in turn would form the base from which they could link to form strong and free nations ready to cooperate with other nations to transform the larger world into a truly just, prosperous and peaceful society.

This type of adult education has been the secret of the success of the Grameen micro-credit program as well as of the Antigonish miracle. Without the people taking part in their own education there would have been no such miracles. First come the people's small groups of 5-7; they federate into larger groups, then comes the community. Communities form the truly democratic nation.

The alternative to not participating in Adult Education is ignorance at all levels, including the halls of Congress. The author has personally organized and overseen up to 70 small groups for various learning objectives. People experience excitement when they learn to interact with one another and to think, again perhaps for the first time since they left formal schooling ten or twenty years before. Such education leads to action. The author is convinced there is no substitute for it, no matter whatever else we may do in pursuing our objectives. **A lack of Adult Education will fail to provide people with the knowledge and motivation necessary to solve worldwide debt and poverty or any other social or economic problem.**
http://coady.stfx.ca/work/

What Identifies an Association as a Cooperative?

Definition: A cooperative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations jointly-owned and democratically controlled enterprise.

Values: Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity, and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility, and caring for others.

Principles: The seven Rochdale principles of Cooperation are the guidelines by which cooperatives put their values into practice.

These Principles were formulated in 1844 by a group of textile workers in Rochdale, England who discovered that they were being exploited by the profit-greedy market forces let loose by the British Industrial Revolution. They decided to pool their resources and open a small retail store to be operated on those principles. The official text is provided and interpreted by the

International Cooperative Alliance.

The Seven Rochdale Principles for Cooperative Action

First Principle: Voluntary and Open Membership Cooperatives are voluntary organizations, open to all who can use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination. This principle does not forbid student-only membership.

Second Principle: Democratic Member Control Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected or appointed in a manner agreed to by the members as their representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are organized in a democratic manner.

Third Principle: Member Economic Participation. Members contribute equitably, and democratically control that capital of their cooperative. At least part of the capital is usually the common property of the cooperative. They usually receive limited compensation, if any, on capital subscribed, as a condition for membership. Members allocate surpluses for any or all of the following purposes, developing the cooperative, possibly by setting up reserves, at least part of which would be indivisible, benefitting members in proportion to their transactions with their cooperative, and supporting other activities approved by the membership.

Fourth Principle: Autonomy and Independence. Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

Fifth Principle: Education, Training and Information. Cooperatives provide education and training for their members, elected representatives, managers and employees, so they can contribute effectively to the development of their cooperatives. They inform the general public-particularly young people and opinion leaders- about the nature and benefits of cooperation.

Sixth Principle: Cooperation Among Cooperatives. Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.

Seventh Principle: Concern for Community. While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

The Cooperative Advantage

Cooperation by its very nature causes people to help one another instead of exploiting them. It dramatizes love of neighbor as opposed to the insatiable greed of those who look upon their neighbor as someone whom they can use to increase their profits.

Cooperative Credit and banking provide the most effective answer to inflation. Borrowing Credit from a commercial bank inflates the money supply and adds to debt not to value. A Credit Union does not create money nor adds to the money supply but lends money that is backed by value already created by its members.

For more than a hundred years the Catholic Church has been in the forefront of social teaching and concern for the problems of debt, injustice, and poverty. **It is now central to its social thought that participation of people as the agents of change in the structures and lifestyles causing these problems is essential to their solution.** The Antigonish Movement, the Grameen miracle, and all Cooperatives are one jump ahead of the Church by demonstrating participation by the people as they produce those significant changes.

These examples validate the philosophy of participation and show that it is universally applicable and not dependent on any one religion but only on people accepting one another as brothers and sisters in the human family created in the image of God as their heavenly Father entitled to a life in keeping with that dignity.

Cooperation based on the Seven Rochdale Principles is a tested alternative to exploitive monopolies in practically every human field of endeavor. There are cooperatives serving every human need from birth to burial, and wherever there are monopolies intent on using people for their own maximum profit.

Cooperation and solidarity build communities, and create true democracy with justice. That removes terrorism and brings true peace to nations. It minimizes dependence on big government which creates big debts and big taxes. Dependence on government for what people can do on the personal or community level serves to institutionalize poverty in the long run instead of solving it.

Cooperative Credit- The Credit Union

Whatever else people need to solve the problems of worldwide debt and poverty, the one essential thing that stands out above all others in an exchange economy is Money and Credit.

The poorest of the poor were lifted out of their abject poverty with the help of micro-Credit from the Grameen Bank at 16% interest and no collateral requirement.

This was a big step above trying to borrow from money lenders at 10% a day. The 16% interest to the Grameen Bank was still high, but necessary to support the education and banking services.

These people did not have adequate assets or credit to be able to provide all the capital that was needed to replicate the program to other nations. That capital had to be procured from external sources.

The Credit Union deals with low-income people who do have have assets and income which they can pool and create their own Credit which they can lend at much lower interest than 16% to their members; and also on competitive terms with the commercial banking system. They also broaden their services to serve the public, beyond their own membership, thus spreading some of the risks.

Following the Seven Rochdale principles, they help build strong communities. The commercial banks are constantly trying to limit the competition from the Credit Unions by invoking the services of state legislatures.

Credit Union Advantages

1. Mobilization of Savings: Together with a massive number of small voluntary accounts Credit unions provide low cost transaction services to large segments of society, voluntary withdraw-able savings that pay market rates of interest, and fixed term deposits. Diverse savings programs provide for micro-enterprise working capital, school tuition, infant delivery expenses, retirement, etc. The CU's practice sound financial discipline and controls of capital reserves accumulation, and all structures needed to protect the savings in many small accounts.

2. Lifetime Asset Growth: Credit Unions help low-income people to increase their assets by providing them with working capital to start or expand businesses through which they can increase their income and assets. A full range of banking transactions and loan services at lower costs, and savings accounts, all contribute to a steady growth of their personal assets as well as of their Credit Union in which they own the share capital.

3. Diversity in Membership: Besides observing the Rochdale Principle of Open Membership, Credit Unions offer services to the whole broad range the of the local population. This is a smart business practice which spreads the costs across loans of larger and medium sizes to offset some of the cost of the many little loans of poorer people. This enables the Credit Union to serve the large number of the poor on a sustainable basis.

4. Full Array of Loan Products: Whatever Credit the members may need, will determine what loan products their Credit Union will provide them. Some examples:

Micro-enterprise, housing improvements, emergency needs, school fees, personal expenses, weddings, funerals, real estate, auto, or furniture purchases, seed and fertilizer loans. Repayment terms are tailored to each situation, loans for shorter or longer periods, with weekly, monthly, annual or seasonal payments. The use of collateral when larger loans are involved gives the Credit Unions greater freedom to serve larger numbers of low-income people than would be possible for the Grameen Banks.

The Proof of the Pudding is in the Eating

How well are the Credit Unions Solving Worldwide Debt and Poverty? This is just one important area of an almost unlimited number of Cooperative projects throughout the world. In the third world countries the establishment of Credit Unions is often subsidized by the US AID office of Micro-enterprise Development. This is both good and bad. It is good because it helps the poor people to obtain Credit sooner. It is bad because it fails to take the time to educate the prospective members adequately in the Values and Principles that identify authentic cooperative action. These as mentioned above, are, self-help, self-responsibility, democracy, equality, equity, solidarity, honesty, openness, social responsibility, and caring for others.

Experience in the Philippines and other countries has shown that the Credit Unions established this way run into repayment problems down the road. They don't have the sense of autonomy, pride of ownership, and responsibility that fully trained members have. Generally though, even these Credit Unions slowly free themselves from external control, assume full ownership of their CU and get in line with the Seven Principles of Cooperation. As far as the government agency is concerned, we can't picture it being over concerned about repayment problems. "What the heck?" would be a bureaucrat's response," we're caring for the poor. If we can't collect from them, we'll collect from the American tax payers."

Statistics: Good examples of Cooperative Action in more than 100 Nations

The Phillippines: As of March, 2001, 11 Credit Unions served 89,652 members. Have Savings and Shares of $10.4 million used for Outstanding loans of $10.1 million. External help from USAID office was $3.7 million (Most likely repaid by this date.)

Poland: As of December, 2000, 560 Credit Unions served 395,000 members, have savings of $248 million for outstanding loans of $216 Million. USAID investment was $4.1 from 1992 when there 0 Credit Unions. Since then the 560 CUs generated $73 new dollars for each dollar of the subsidy. Here's a fantastic record of development and of the importance of jump-starting the program with external funds.

Ecuador: As of March, 2001, 22 Credit Unions serve 843,739 members. Shares and Savings (average saving $77.00) for a total equity of $93.6 million vs. Loans of $73.4 million. Funded by USAID [1] at $3 million (1995-2001) the Ecuador Credit Unions are now self-sufficient. Outstanding news here is that the 22 Credit Unions operated during the darkest financial crisis in Ecuador's recent history. Although four of the five largest banks failed, not a single Credit Union closed its doors during the crisis. Also worthy of note is the fact that the technical team introduced seven new savings products and eleven new credit products. This shows that wherever we go, poor people, when given a chance to think on their own, will discover something new that we can learn.

Besides the Coady Institute at Antigonish there are countless Cooperative leagues in almost every state and every area of human endeavor. There is the Cooperative League of USA on the national level, and the International Cooperative Alliance that promotes and oversees development of cooperative action throughout the world, in more than 100 nations at present.

Notes:

1. USAID is the United States Agency for International Development

It has been providing economic and humanitarian assistance worldwide for the past 40 years. As the author see it, this is one of the better things the federal government has been doing. Its chief weaknesses are that:

1.) It is limited to the resources the taxpayers can supply or to borrowing from the Federal Reserve Banks and creating more national debt and interest costs.

2.) While it helps nations to start cooperatives and other organizations, it has been weak in requiring better participation and responsibility from its clients. This tends to perpetuate dependency. It is an inherent weakness of federal programs to rely on bailouts in case of losses'.

A World Held Hostage By Debt

Chapter 23

The Ultimate Credit Source For The Total Development of Nations

An Introduction to this Chapter

Chapters 21 and 22 show conclusively that with access to Credit on reasonable terms and a little guidance, ordinary poor people can and will solve their own debt and poverty problems more permanently than government programs can ever do. This is not fiction or fantasy. It is the plain and unvarnished truth that is being proven today by millions of poor people throughout the world. However, on the national and worldwide levels there are still billions of people who remain hostages of debt and its consequences.

Ten Consequences of Debt That Afflict Nations Held Hostage by It

1. Unemployment
2. Federal budget deficits
3. National Debts
4. Deteriorating Infrastructures and Environment

5. Poverty, Injustice, Wars, and other Social Evils
6. Inflation and the Erosion of the Value of Money
7. Economic Depressions
8. Third-World Underdevelopment and Poverty
9. Wealth Concentrated into the hands of the few
10. Confiscatory Taxation

Debt-free Money and Credits, Key to Solving Those Economic Problems

Whichever way one looks at the above ten major economic problems that oppress nations the solution will not be found in the world's debt-based monetary system. The proof for that statement is that it has been in virtual control of the world's money and economies for 140 years and in total control for last 89 years, but the problems are all still here even in the developed nations.

The total development of a nation and its communities requires unlimited amounts of Money and Credit. The International Monetary Fund and World Bank with and through their affiliated 173 central banks make loans for one reason, so they can collect interest. Even before the loan is made the borrowing nation must accept certain conditionalities. The purpose of these conditionalities is to assure the Banks that there will be money to pay the interest. Among the first things that the nation has to do before it gets the money is to raise taxes, cut expenses for social services the military and restrict development.

Many nations are denied access to the technologies needed to pursue the development for which the money was supposedly borrowed. With development and employment restricted, the best the nation's tax payers can do is pay the interest. The burden of the debt from which they have not derived any benefit still remains on their shoulders. If the nation defaults, it must surrender some of its natural resources, like oil as a collateral. Those loans are investments for the bankers and a debt for the nations' citizens.

The Ultimate Source of Debt-Free Credit and Money

The government of every sovereign nation has been created for the specific purpose of providing for the common welfare of its citizens. To fulfill that purpose it has the obligation to be the ultimate source of the Credit and money needed for the nation's needs and total development. No private individual or association has the authority or ability to serve in that capacity. It is the prerogative and privilege of the sovereign government alone.

Debt-free money and Credit have been tested in solving nation's financial and development problems in at least seven nations as described in chapters 10, 11, 7 and 8, to wit: Venice, Guernsey, Singapore, Germany, Massachusetts, rest of American Colonies and American Civil War. What worked so well in the past will work again in the present, given a chance.

Congress first failed to fulfill its obligation to provide the nation with debt-free money when it granted Alexander Hamilton a Charter for his private First National Bank in 1790. It failed again In 1862 and 1913 when it had a chance to redeem itself from its first failure. Instead it succumbed to the bankers to keep the citizens and the world as perpetual hostages to the debt the bankers create. Now they hold such a strangle hold on the world's money and banking that they do not permit debt-free money which they cannot control. Therefore while Debt-free money was such a powerful solution to a nations economic problems for so many years, it is not currently available to solve any of the economic problems that the world is affected with.

The Specifications
for True Debt-free Money and Credit

We learn the specifications for a simple and honest debt-free money system understood by the citizens by analyzing the factors at work in the financial histories of those seven situations mentioned above and the Mixt Money Case Decision. (Chapter 7) This will teach us what to include and what to avoid in order to produce a money system that will serve the needs of people and brings prosperity to the nations.

Specification No. 1. An honest money system must **create money that represents value or wealth**, or is issued specifically for a constructive purpose producing value; Debt-free money created for the production of value. This will inevitably lead the nation to more production, greater prosperity, and a higher standard of living. Debt-based money is inherently dishonest because it claims value from the economy without producing any.

Specification No. 2. Government borrowing money created by private banking surrenders the nation's sovereignty to perpetual government debt to private bankers. The Creditors become the real rulers, not the Congress.

Congress is responsible to the people who elect it, to create the nation's money and regulate its value. The colonial states gave up their sovereignty and power to create money and regulate its value to Congress, not to any private central banking system.

Specification No. 3. **A rare commodity like gold or any other scarce material may not be used as a basis for money** because a group of private individuals could corner the markets and gain monopoly ownership and control of the commodity which when monetized would give the monopoly control of the money system. Gold is again being widely proposed as a basis for money. This may not be permitted. As described in chapter 5, it was the use of gold that gave us the debt-based money system in 1694.

The issue of paper Treasury notes alone without gold or any other specie backing has served very well as money. When we use money we are using a symbol of value, not the commodity or service itself, as these were used in a barter economy. There is nothing wrong with the Federal Reserve using paper for the Federal Reserve Notes you have in your billfold. What makes them dishonest is the fact that the Federal Reserve Board creates them without creating any value for the economy which these notes as money will claim from the economy. Nor does it have the authority to tax the citizens forcing them to create value. Only Congress has that power to use taxation to control the volume of money and maintain its value at a level that will serve the common good.

The Federal Reserve controls the volume of money through its own mechanisms for the highest profits that it sees available for its owners, the nation's banks at any given stage of the nation's economy. What makes those Federal Reserve Notes honest once they are in your billfold is whether you have gotten them there honestly. Neither does the

Federal Reserve Bank have the authority to make its Bank Notes legal tender. Congress has abused its authority to make such private issue legal tender. When it did so by adopting the Federal reserve Act in 1913, it was tantamount to approving counterfeiting that is forbidden by the Constitution.

Specification No.4. The supply of money must be **controlled by the government *professionally* through a branch of its Treasury Department, acting for Congress in such a way that there is an equilibrium between the wealth of the nation and money, its symbol.**

This must be done by preventing counterfeiting and by the government's twin powers of creating the nation's money and removing it from circulation through taxation.

To say that Congress cannot be directed to issue and control the nation's money in a responsible and professional manner is tantamount to saying that the people of the United States are not capable of providing and electing a Congress that can manage the issue of the country's money honestly.

Specification No. 5. **The money issued by the United States Treasury must always be fully legal tender** accepted by the government in payment of all taxes, debts, and obligations, *without restrictions*.

In 1862 Congress, controlled by the Wall Street and London Bankers, destroyed the debt-free money it had previously given the nation at the behest of President Lincoln. It did this by adding a Restriction that prevented it from being legal tender, without giving any public notice to the citizens, deceiving them, and then refusing to accept it in payment of government interest and debt to the bankers, making the people think it was no good. Full story in Chapter 11.

Specification No. 6. **Credit, which is a claim on wealth to be produced in the future, cannot be issued except by the community through its government**. Only the government has the taxing authority necessary to guarantee that value will be created to balance the money supply created by the Credit.

Specification No. 7. The use of fractional reserves for creating and loaning money must be permanently rejected. It is inherently dishonest to create money as a claim on value and charging interest on it without there being any value created to add to the economy.

Specification No. 8. Debt-free Banking and Money are the Ultimate Credit Source for the total Development of Nations. **It is at the service of Nations and their people. It is not at the service of the International Bankers.** The debt-based money banking and money are at their service. That is what they created it for.

Debt-free banking and money will enable the commercial banks to keep their original purpose as services to the nation and reward them adequately for their services but will not permit them to exploit nations' economies for their own ever greater profits. They are *not* industries. They do not create value like an industry does.

Meeting All Eight Specifications

The United States Treasury Debt-Free
Banking And Money System

Chart No. 1
Displaying the New Structures

1. **The President (and the Congress of the United States) appoint the Secretary of the Treasury and Board of Governors** to implement and administer the Provisions of the Act of Congress establishing the US Treasury Banking and Debt-Free Money System.

2. **through - A Central Office with Professional Staffs and Departments needed for the administration and operation of Twelve United States Treasury Regional Banks** that create the money through loans and grants processed by various departments in accordance with the policies of the Board of Governors and regulations of the Secretary of the Treasury for:

3. **A. Departments of the federal government;**
   B. States and local government units;
   C. Commercial banks for private lending; and
   D. Other institutions as may be provided by law.

4. **Also in Central Office - Professional Staffs** to gather and process data needed to set policies for supplying money through the Twelve United States Treasury Regional Banks

Introduction To The Proposed Model Bill

The objective of this bill is to repeal the Federal Reserve Act of 1913. There is no effective alternative to taking that step. Bills and memoranda are frequently being presented to Congress to reform the Federal Reserve or call for reports or accounting. They have proven fruitless. Even the very powerful Sovereignty Resolution (described in chapter 16) must fail so long as the competing sovereign money power, the Federal Reserve Banking system and its debt-based money remain in force.

There can be only one sovereign power in the nation; any competing power must be disposed of. Otherwise, the money creating power will always prevail over Congress, as it has done in the past. Fortunately, when Congress adopted the Federal Reserve Act of 1913 it reserved for itself one important "trump card:" the power to repeal the Federal Reserve Act. With this bill Congress will be playing that card.

The Plan presented in this Model Bill is scientific, logical and meticulously elaborated by the author over a period of 1000 hours. One of the best features of the plan is that it follows the pattern of efficient organization under which the private Federal Reserve System now operates its debt-based money system. This will make the change to the new and honest debt-free system easier. The new system will be simpler and will not need many of the procedures now used by the Federal

Reserve. This plan is really Thomas Jefferson's plan in its essentials and follows his thinking, with improvements. No step given in this Model Bill may be omitted without danger of leaving a loophole for the current owners of the nation's money system to regain control of it once this bill restores it to Congress.

History shows us that they *will* most certainly try to regain control. The author does not claim perfection. He is not a lawyer and will be happy to see further improvements by the legal profession to forestall a return of the issue of our nation's money to private control and exploitation. Chapter 24 will show how to counteract the Bankers moves to regain control.

The Model Bill for Congress to Implement the U.S. Treasury Banking and Money System, with Running Commentary *(In italics)*

Step 1: A Congressman Introduces the Bill; **A bill to vest in the Congress of the United States of America the sole, absolute, and unconditional power and duty to issue the nation's money and regulate the value thereof, pursuant to Article I, Section 8, Clause 5 of the *Constitution of the United States of America*.**

The bill as presented is not something new but a confirmation of a power any sovereign nation already has by virtue of its nature as a sovereign nation. The United States Constitution *reaffirms that sovereignty.*

Section A. Be it enacted by the Senate and House of

Representatives of the United States of America in Congress assembled, that, pursuant to section 30 of the Federal Reserve Act of December 23, 1913, wherein Congress expressly reserved to itself the power to repeal said Act, the Congress does hereby Repeal The Federal Reserve Act of December 23, 1913, and all amendments and laws dealing with it and with banking and/or in any way conflicting with this new law now enacted. This ends the term of office of every Federal Reserve official. (A simple majority vote in both houses of Congress and the President's signature is all that is required.)

Thus, as soon as there is a majority of knowledgeable legislators, and equally knowledgeable citizens to support them, the bill will be passed. The president's signature is also required. The repeal of the Federal Reserve Act will then be accomplished, and a new and honest debt-free money system can be implemented based on the provisions that follow.

Section B. The outgoing officers are hereby directed and required to surrender to the Secretary of the Treasury, acting for Congress, the Federal Reserve buildings and other property of every nature, and Federal Reserve records in their usual and present condition.

Because of the operations of the Federal Reserve banking (with its controlled depressions and inflationary periods) and taxes, American citizens have paid for this property many times over. Reclaiming it will not deprive any individual or group of individuals of what honestly belongs to it or is its due.

Section C. In compliance with the method for liquidation as laid down in the Federal Reserve Act of December 23, 1913, the Secretary of the Treasury is directed to take charge of the Federal Reserve surplus, which is a matching fund, and with this pay the Federal Reserve member banks for their stock. Following this, the Secretary of the Treasury shall take possession of the stock in the name of the United States government.

If for any legal reason the commercial banks are to be paid before the surplus is taken, the Secretary of the Treasury is hereby authorized to make such payments from any available fund. Any property belonging to the commercial banks shall be returned. It is deemed that the so-called reserve of the Federal Reserve is not property in this sense, but shall be taken over as part of the Federal Reserve banks. There is no use for fractional or any other reserve in the new money system provided by the bill.

This method for an honest liquidation of the Federal Reserve system was provided for in the Act itself. Since the stock the commercial banks purchased belongs to them, this liquidation is returning their original investment.

Section D. Clause 1. As hereinafter provided, all government bonds and other securities thus recovered from the Federal Reserve banks shall be tabulated and then burned, thus reducing the federal debt. The new system is not based on such instruments.

Clause 2. All notes and other evidence of debt owed to Federal Reserve banks shall be collected by the Secretary of the Treasury. The bank credits issued to the government and currency printed for the Federal Reserve banks shall be canceled. These are not needed in the new system.

This provision concerns only government bonds and other debt instruments paid for by fractional reserve money created through Federal reserve system procedures. These bonds are now in possession of the Federal Reserve banks drawing interest and adding approximately $300 billion to the deficit every year. The interest is paid by citizens' taxes. The procedure to be followed in the implementation of this section will be given later in the text of this bill.

The bonds purchased by private citizens as savings with money earned honestly will of course be honored and treated fairly. Destroying the government bonds and securities specified in this section (those in possession of the Federal Reserve banks) will eliminate much of the national debt, and eliminating the annual interest due on these bonds will significantly reduce the deficit. That alone would have balanced the budget and left a little surplus in 1995.

Section E. The name of this system is hereby changed to the United States Treasury Banking System and each of the twelve regional banks shall be called United States Treasury Regional Bank of (*its respective city*). *These name changes will describe the new system accurately.*

Section F. Clause 1. The Secretary of the Treasury shall implement the provisions of this Act of Congress, acting directly under the House Committee on Currency and Banking; shall reorganize the twelve Regional United States Treasury Banks; and shall form an organization to operate the United States Treasury Banking System, with competent civil service employees, retaining those from the old system's clerical and service force who;

(1) wish to continue,

(2) who can qualify, and

(3) who will pledge support to the new order of national debt-free money.

Clause 2. The United States Treasury Banking System shall be a national central bank consisting of the twelve Regional United States Treasury Banks and their branches, and will control every privately owned commercial bank in the United States. Its control shall extend to every money-lending institution in the nation.

Clause 3. The headquarters of this system shall be located in the nation's capital.

Clause 4. The governing body of the system shall consist of a central board of three governors, appointed by the president with the advice, consent, and approval of the lower house of Congress. One of these positions shall become vacant every two years. Thus, the first governor appointed shall serve only two years, and the second four years. All terms thereafter are appointed to be six years. Any board member, as well as any other official of the bank, the Secretary of the Treasury included, may be removed at any time by a two-thirds vote of no confidence by the lower house. These three governors, under the Secretary of the Treasury and under the control of Congress, shall operate the system consistent with the provisions of this Act. The system shall be kept entirely free from lobbyists and all other self-seekers.

Clause 5. Any executive of the United States, including the president of the United States, acting in any way to circumvent the United States Treasury Banking System created by Congress by the enactment of this act, shall, upon sufficient evidence of his or her actions, be impeached by Congress.

Clause 6. Hereafter, the only currency issued shall be the United States Treasury Note. These notes shall bear a distinguishing mark of the new system. They shall be in denominations of $1, $5, $10, $20, $50, and $100, and shall replace all Federal Reserve notes dollar for dollar as they come into any commercial bank. For larger amounts, credit vouchers from the United States Treasury regional banks shall be used. The commercial banks will utilize the credit by the use of checks, as at present, as provided later in this act. Coins shall continue to be minted in the same face value as at present.

Clause 7. Money will be passed into circulation by supplying it to three types of institutions:

The United States government - State and local governments - and Privately owned commercial banks for private lending. Other institutions as may be provided by law.

Clause 8. The first principle for furnishing money for *government services* that benefit all the people shall be that this money shall be issued free of any charge to the government entity providing the services. To maintain the proper balance between the value offered and the volume of money in the economy, the money issued must eventually be returned, either for services received or through taxation.

The government thus will never incur a debt for government services, but will always issue sufficient money to pay for the services it offers. The extent to which it will need to recover the money through taxation, will depend on how much those receiving the services will be paying for them and the profits the United States Treasury derives from its operation of the banking system. Section Q provides for uniform interest rates throughout the nation. Differentials in interest rates will be established not on basis of different states but on the risks involved in various types of loans. Section Q attends to the elimination of political interference with the professional operation of the United States Treasury Banking System in accord with the provisions of this Act.

Clause 9. The second principle for furnishing money to state and local government bodies: The United States Treasury regional banks will issue money in return for state or local bonds carrying a minimum interest charge, just sufficient to cover administration costs. This will provide these public governmental units with funds needed for various infrastructure capital improvements and yet assure the United States Treasury of a return of the money, to keep the volume of money in balance, prevent inflation and maintain the value of a stable currency.

Clause 10. The third principle concerns privately owned banks. They serve primarily the private sector, not the people as a whole. They will, however, serve the nation's economy by providing the credit that is so important for a prosperous economy. These banks will borrow all the money they need at an interest rate lower than the current discount rate charged by the Federal Reserve and will lend it at an interest rate low enough to provide easy credit yet high enough to leave the banks a small but adequate margin of profit in order to maintain them as service institutions. These loans must be properly secured, strictly accounted for, and returned with interest as provided for hereinafter.

Money in repayment of the loans returned to the United States Treasury regional banks, with the small interest charge, in the aggregate could conceivably be quite large, and will reduce the need for taxation to zero, given a strong economy. The major change here is that the United

States Treasury regional banks are the source of the commercial banks' money. Instead of borrowing from privately owned Federal Reserve banks, which create money and an ever-increasing debt for the government, which has to be repaid with interest by the taxpayers, the government will be creating its own and the nation's money, paying it into circulation for government service and by loaning it as described above (collecting a small interest where applicable), and thus lowering the tax payers' burden. Beyond that significant difference, there will be few changes in the operations of the community commercial banks.

The qualifications of any prospective candidates for the governing board spoken of in Clause 4 are critical. They must be men or women whose honesty and integrity are beyond reproach and who are totally committed to an honest money system in the hands of a sovereign nation. They must relinquish whatever ties they may have had to the debt-based money system of the Federal Reserve. Congress will have the responsibility to assure that these qualifications are fully met. The provision that any official, including the Secretary, may be removed by a two-thirds' vote of no confidence by the lower house is an excellent and a wise one. At present, the president appoints the chairman of the Federal Reserve Board, but that is a meaningless gesture because the candidate must first be someone committed to the private Federal Reserve system. After appointment, the chairman is totally independent and "reports to no president," as Federal Reserve Chairman Voelker told President Reagan.

Section G. The Secretary of the Treasury is hereby authorized to use out of surplus funds already appropriated such sums of money as may be necessary to carry out the purposes of this act until the new system can be put into effect. Thereafter, the management of the United States Treasury regional banks shall be so adjusted as to be not only self-supporting, from interest paid on its loans, but to produce revenue for the Treasury.

The surplus funds mentioned can be from the Treasury's own operating budget or any other funds appropriated by Congress, whose responsibility it is to implement the provisions of this act. It is understood, of course, that the operation of the system by Congress will not be an operation for profit, as industry is meant to be, but as a service to the citizens of the country mandated by the Constitution. Nevertheless, it is possible that more revenue will come to the Treasury from interest payments than is presently received from taxation. In that event no taxation will be needed to regulate the money volume and maintain the economic equilibrium necessary for a stable dollar and economic prosperity without either inflation or depressions.

Section H. The United States Treasury regional banks, under this new management, shall forthwith resume their present function of issuing money and credit, and with these serve the nation, as provided below.

Section I.

Clause 1. The United States Treasury regional banks, taken over from the Federal Reserve system, will already have in full operation most of the departments required for the new system. These may be easily adapted and others established by the board of governors and the Secretary of the Treasury as required for conducting the functions of the new banking systems in a professional manner. New departments each United States Treasury regional bank will need immediately to fulfill the functions of the new money system:

1. *Special Drawing Rights (S.D.R.) Department* to issue credit at

interest to commercial banks.

2. *Department of United States Currency* to receive coin and currency from the Bureau of Engraving and Printing and supply them to the commercial banks.

3. *United States Treasury Federal Tax Department* to receive the federal taxes and turn them over to the General Fund Disbursing Department, where they are to balance out, within a practical margin, with the expenditures of U.S. government agencies.

In paying out, the government adds to the money supply. Taking in taxes decreases the volume of money volume in circulation, keeping the money supply in balance and thus maintaining the value of the dollar and avoiding inflation while providing for a progressive economy with full employment for the citizens.

Clause 2. The central office of a typical U.S. Treasury regional bank will house the regional bank's officials and assistants; and their staff of accountants, statisticians, computer experts, and other personnel needed for operations. This office is to be connected with every other department by current computer technology, which provides it with access to records of every transaction. This will permit either the details or the sum total of every type of operation, such as loans made, loans collected, money withdrawn from circulation and canceled, and money remaining in circulation, as well as other pertinent information, to be available instantly to every bank in the system.

The officials in this central office will receive orders from the governors' office in Washington and transmit them to the proper divisions of their bank and bear final responsibility for their proper execution. They also direct the accounting and the gathering and *analyzing of data from the entire economy and transmit these reports to the main United States Treasury office in Washington for consideration in decisions made by the governors.*

Section J.—refer to earlier section f, clause 8:

Clause 1. Each week the Secretary of the Treasury shall prepare a list of the United States government monetary requirements for the coming week. This will include payment of the salaries and wages required in the operation of all the departments of the federal government and of all government programs that affect the people of the nation as a whole, as approved and appropriated for by Congress.

Clause 2. This weekly requisition shall not include self-balancing or self-supported programs, such as Social Security, which are funded by their own special taxes and not by the general taxing power of government. *Eventually* the request should also exclude general programs affecting the needs of particular groups of citizens, such as housing, agriculture, and health care. These needs can be served by the private sector, with the assistance of financing as provided in subsequent sections of this act, far more efficiently and economical than by government bureaucrats.

An honest money system with adequate employment and credit will enable all able-bodied citizens to take care of their own needs with dignity and without the intrusion of government. People who are not able-bodied or who are victims of circumstances can best be served by state or local governments, with nothing more than funding at the federal level.

The principle of subsidiarity requires that good government allow its citizens to take care of their needs at the lowest level that they *can. Government from the top deprives people of freedom, dignity, and self-respect. Eventually such government invades all areas of human life and assumes total control through unelected bureaucracies, which continue to grow and consume all the wealth the citizens are able to produce. That is fascism.*

Section J continued:

Clause 3. These monetary requirements will then be provided for by credit being issued to whatever department needs the money. This will be done at the central office of the Treasury Department, following policy and instructions of the board of governors, by credit entries on its books. A voucher showing the credit issued and checkbooks to use in paying its obligations will be furnished to the department making the request for funds.

As the checks are presented at the commercial banks throughout the nation for cashing or for credit on their local bank's books, the money will increase the money supply of the nation. As the checks are returned to the United States Treasury regional banks for clearance, they will be charged to the accounts of the departments that issued them, canceled, and returned to the respective departments concerned.

This procedure is similar to the way the Federal Reserve system now creates money, with some very important differences. These are:

1. The Federal Reserve system as a private institution must have a government bond before it creates money for the government. This adds to the national debt and obliges the government to pay additional interest and thus collect more taxes. Under the new system, when the United States Treasury clears the checks and cancels the credit *previously issued, there is money in the economy that is free of any government debt or interest obligation requiring more taxes from the citizens.*

2. What the Federal Reserve does suits its plans as an industry "for profit," with no control by Congress. It never reveals those plans or lets the government in on them. Whatever the United States Treasury does under this new system is done as a service to the nation and is under the control of Congress.

Section K. confer Section F, Clause 9:

Clause 1. *The state or local government unit* that needs to borrow money for government, social needs, or infrastructure, in accordance with the general policy of Congress to assure fairness to all sections of the country, will be able to obtain a loan by meeting these requirements:

a. The Unit's voters must approve tax-supported interest-bearing bonds at a low and lenient rate set by Congress to minimize the burden of local taxation and to allow progress in the Unit's economy and early retirement of the bonds.

b. The state or local government unit is forbidden to sell the bonds to, or in any way borrow the money from any private individuals or financial institution, except the United States Treasury.

c. The government unit will apply to a regional bank for the loan, submitting the interest-bearing bonds as security.

Clause 2. The United States Treasury Regional Bank's division for state and local loans will issue the credit on its ledgers to the government unit requesting it and will send the unit a credit voucher showing the credit, along with a supply of checks. The checks are to be imprinted with the name of this division and, in a subheading, with the name of the unit receiving the credit.

Clause 3. The unit that receives the credit will use these checks to pay its bills for its purposes. When accepted at any commercial bank and deposited to the accounts of contractors and suppliers, these funds enter the nation's economy and increase the money supply. The commercial bank or banks where these checks are deposited or cashed will send them to the United States Treasury Bank Check Clearance Pool for clearance. There each commercial bank concerned will receive credit for them. This will increase its credit in its Clearance Pool account. At the same time, the account of the government unit that issued the checks will be charged the amount of the checks. The checks will be stamped paid and returned to the government unit as its evidence that it has used that much of its credit and paid its bills.

The original indebtedness of the government unit to the United States Treasury Department remains, along with the unit's bond, which that department will retain until the government unit retires the loan by payment of the principal and interest, at which time the bonds will be returned to the unit.

Clause 4. For the payment of its bonded indebtedness to the United States Treasury Regional Bank the state or local government unit will collect taxes and send partial or full payment by check drawn on any commercial bank where it does its banking to the United States Treasury Regional Bank's department from which it received its loan.

Clause 5. At the Treasury department that issued the loan, the amount of payment on the *principal* will be deducted from the original credit entry made when the loan was granted. This will remove that much money from the money supply of the nation, which was increased and put into circulation when the loan was granted. The *interest payment* on the loan is sent to the general fund department. This too is money being taken out of circulation by the unit's local taxes, but this amount has not been created by a loan. So it is not used to offset a loan but is being returned to the general fund to reduce its expenditures and need for taxation, thus lowering the tax burden for the citizens. Records of all transactions are to be sent to the control office, where the money supply is monitored.

The checks for principal and interest payments are sent to the check Clearance Pool for clearance. There, the accounts of the commercial banks upon which the checks were drawn are debited, and the checks are stamped paid and returned to the government body that wrote them.

Section L. Refer to Section F, Clause 10: The *true* personal ownership of all privately owned financial institutions shall be recorded by the officers of such institutions in the office of the United States Treasury and in the office in which the institution does business. This information shall be at all times available to the general public.

This section requires that true owners be identified and the information open to the public. This is not true of the present Federal Reserve system, which has consistently resisted all efforts to open the records of both its activities and its true and complete ownership not only to the public but even to government requests. Technically, the Federal Reserve system is owned by the commercial banks. But who *owns the top twenty-five megabanks where most of the speculative mischief takes place is their secret. Nor is the ownership of all the other commercial banks generally available to the public.*

Section M.

Clause 1. All commercial banks shall be national banks. The banks not now of this nature shall be converted immediately. All shall be under the direct supervision and control of the Secretary of the Treasury, operating under policies consistent with the provisions of this act as set by Congress. They will remain privately owned and all their current Divisions that are already in operation and running smoothly will continue.

Clause 2. The United States Treasury Regional Banks shall create and lend money to the commercial banks at a *low rate of interest,* for re-loan, dollar for dollar, to the commercial banks' customers at a *higher rate of interest.* The interest rate differential shall accrue to the commercial bank; the basic low rate to the United States Treasury. This differential shall be set by Congress for the entire nation, in order to forestall speculative transfers from state to state.

Clause 3. Each United States Treasury Regional bank shall set up on its ledgers at the Drawing Rights Division and assign to each commercial bank in its district a drawing right (the right to borrow money).

The amount of each commercial bank's drawing rights at the United States Treasury Regional Bank shall be determined in accordance with the need for expansion or contraction of the money supply as established by the board of governors and the approved needs of the commercial bank. This shall be determined professionally by the Treasury Department, not by politics. Congress shall be finally responsible that such professional approach be taken.

Clause 4. Each commercial bank receiving its Drawing Right will get a certificate of authorization from its Regional United States Treasury Bank, giving the limits for its borrowing and a supply of blank checks which the commercial bank will use in exercising its drawing right. The blank checks will have on their face the heading "(regional Treasury Bank's name) Drawing Rights" and a subheading identifying the local commercial bank by name, location, region and computer number.

Clause 5. The commercial bank will receive the full amount to be drawn; there will be no discounting. No interest will be charged the bank until its drawing right is dated when the loan to the customer is granted. Simple interest will be payable at the expiration of the loan. Loans to the bank customers will follow the same rule in regard to interest payments.

Clause 6. The money supplied by the Regional United States Treasury Banks through this division shall be the only money either borrowed or loaned by the commercial banks. There shall be no loans of the bank's own money or the customers' money. Fractional reserve banking is absolutely forbidden. Likewise, the private creation and issue of bank credit in any form is absolutely forbidden.

Clause 7. The commercial bank's services shall consist of being custodian of its customers' money, clearing their checks, making loans, and collecting loans. It will make charges for these services. It will not pay interest on the customers' funds because it will not be using them in a profit making business thereby exposing them to loss. Special provisions shall apply to Credit Unions stickily abiding by their Rochdale principles, which are owned and receive their capital for lending from a pooling of their own members' personally earned funds.

Clause 8. All banks shall be examined at irregular intervals by rotating civil service bank examiners and accountants.

Commentary on Section M: This section will change the whole *concept of banking from an industry primarily for profit to banking as a service institution, operating at a profit with well-paid officers and staff, but primarily as a service to the citizens of the nation.*

The twelve thousand commercial banks throughout the small communities of our country will welcome the change to an honest and stable money system once they understand it and its advantages. They are having a difficult time under the Federal Reserve system, especially during depressions. During 1992 the twenty-five Megabanks we have mentioned made record profits; that same year, 440 of the banks the average citizen deals with failed. Depressions, caused by the powers that know how to profit from them, bankrupt smaller community banks.

The customers' deposits shall be neither borrowed nor loaned. This will assure the customers that their money is safe. The stable value of the dollar that the United States Treasury Banks will maintain will assure the customers that the money they keep on deposit will keep its buying power. This alone will more than offset not receiving interest on deposits. Investment will be done or not done by the customers themselves, as they choose, in private industry, accepting the risks and profit potential. The Federal Insurance Corporation, which was unable to handle bank losses without the tax payers's help, will not be needed under the new debt-free monetary system.

An Introductory Note for Sections N and O

The provisions in these sections are essentially the same as those followed today by the debt-based fractional Federal Reserve system. Simpler steps are specified by this Act of Congress to close every foreseeable loophole that could give current or future financiers an *opening to regain their debt-based fractional reserve operation of creating the nation's money. Citizens must be constantly on the alert in protecting government creation of money, free from government debt and fractional reserves.*

Section N. Making Loans in the Debt-Free Banking System

Clause 1. In order to keep the relationship between the United States Treasury Banks and the private commercial banks simple, it is hereby ordered and required that in each commercial bank there shall be established a loan department, if the bank does not already have one.

Clause 2. The sole and exclusive function of this department shall be borrowing money from the Regional United States Treasury Banks through the use of the special Drawing Rights for their respective regions, and lending that same money to the commercial bank's customers, following the procedures given below.

Clause 3. The loan department of a commercial bank shall be distinct from every other department and shall not collect the loans or perform any other banking operation. This is to maintain the identity of its unique relationship with the United States Treasury in furnishing the money created by the United States Treasury Banks. It is understood that smaller community commercial banks may need to share personnel with more than one department.

Clause 4. The loan department's equipment shall be furniture, ledgers, computers, loan records, and Drawing Rights checks — no money, money claims, or vault. Its sole stock in trade shall be its special Drawing Right at the U. S. Treasury Regional Bank and the blank checks with the regional bank's name on them and its own name in subheading.

Section O-1 The Procedures for making loans at commercial banks shall be as follows:

Step 1. Loans applied for and granted at the loan department of the commercial bank are to be made following U. S. Treasury Bank regulations, at simple interest. Renewals shall be new loans.

Step 2. The customer gives the bank's loan division a note or mortgage covering the amount of the loan as agreed upon.

Step 3. The customer receives from the loan department the commercial bank's check drawn on its Drawing Right Account at the Regional U. S. Treasury Bank for the full amount of the loan.

Step 4. The customer presents the check at the bank's customer window and receives the money: cash or a deposit to customer's checking account.

Step 5. Both the customer's note or mortgage and the check from the commercial bank shall be stamped with the date issued and the date due. Each instrument will note the principal loaned; interest due the Regional United States Treasury Bank, interest due the commercial bank, and the total.

Step 6. When the loan department's check on the commercial bank's Drawing Right is received at the Regional United States Treasury Bank for clearance, the commercial bank named on the check will automatically receive a credit to its account in the check Clearance Pool, raising its total credit there. This credit is the new money at its point of insertion into the money supply of the nation. Its creation at this point is triggered by the loan for which the commercial bank had no funds in its check Clearance Pool prior to the loan.

The Federal Reserve banks do exactly the same thing today. They create the money for the government by taking the bond the government "sells" them for funds they create by entry of a credit for deposit to the government's treasury account at the respective banks.

Step 7. The commercial bank receives its loan from the Regional United States Treasury Bank in the credit to its account at the Clearance Pool.

Step 8. The check is then sent to the commercial bank's Drawing Right department at the Regional United States Treasury Bank. There the department enters the amount of the check as a credit to the total money supply and a debit to the commercial bank's drawing right account, showing that the commercial bank has borrowed the money and will be repaying it.

Step 9. The commercial bank's check shall then be stamped "Paid" and kept at the special drawing rights department as evidence of the credit created for the commercial bank. When the bank pays its loan on the due date, the canceled check is returned to it, completing the whole transaction. The money supply will be debited and the commercial bank's account will be credited by that amount. The money created by the loan will have done its work and this transaction will serve to keep the money volume in balance.

Section O-2. Customers will repay loans at the commercial bank as follows:

The customer at due date shall repay the loan and interest at the commercial bank's collection department. To renew the loan, the customer shall arrange for a new loan at the bank's loan division, following the same procedures required for the initial loan.

Section P-1. The procedure for repaying the commercial bank's loan to the Regional United States Treasury is as follows:

Step 1. At the same time that the customer's note or mortgage is due and paid, the commercial bank shall repay the principal and the interest to the Regional U.S. Treasury Bank’s special drawing rights department.

Step 2. The commercial bank's own check in payment of the principal will raise the bank's special drawing rights account by that amount, offsetting the debit to that account made when the amount was borrowed. This credit in the commercial bank's S.D.R. account will also result in the regional bank's debiting the money supply. (This was credited when the S.D.R. account of the commercial bank was debited.) By payment of the loan, the money has been taken out of circulation; that is, the loan created the money, and the payment of the loan removes the Money. This step serves to keep money supply in balance.

Step 3a. The interest that is paid on the loan also removes money from circulation. But this money was not created by a loan; it had to be earned by the bank's customer and the commercial bank's services. So it must be treated in a different way when it is received at the Regional United States Treasury Bank.

The interest due the Treasury from the commercial bank goes to the government's general fund. As this interest took money out of circulation, it will now enable the government to require less in tax money to maintain the volume of money in balance --both interest received and tax revenue do the same job. It is conceivable that the interest revenue received from the loaning operations of the new banking system could exceed current income tax revenue and make the income tax completely unnecessary. This would greatly enhance the funding needed for the nation's infrastructures or other worthy programs, at whatever level necessary to keep the money supply in balance and the value of money stable.

Step 3b. The interest from the customer due the commercial bank is credited at the Regional United States Treasury Bank to the commercial bank's check Clearance Pool account. The bank's check is then returned to the commercial bank.

In our present debt-based money system, interest also is money that has to be earned by the citizens and removes money from circulation, but none of it goes to the government. It all goes to the private owners of the banking system.

Section P-2. If a customer's loan is not paid, the following procedures apply:

Clause 1. If the customer's loan is to be renewed, it shall be in the form of an application for a new loan, as specified in Section O-2. In that case, the commercial bank shall also apply for and receive a new loan, but shall pay both principal and interest to the S.D.R. department of the United States Treasury Regional Bank, even though the customer did not pay. The commercial bank will receive proper credits as provided for in Section P-1. Procedures for new loans (Section O) shall be observed.

Clause 2. If the commercial bank stays within the United States Treasury's guidelines concerning securing its loans to customers to prevent losses, the commercial bank shall be held harmless in the event of a default on a loan. That loss will be the Responsibility of the Regional United States Treasury Bank. The commercial banks servicing the loans must follow the rules set by the Regional Central Bank. It would be unfair to the commercial bank to be liable for losses. It has to be the Regional Bank's responsibility when it makes the rules and the local bank follows them.

Clause 3. As stipulated in a previous section, the difference between the rate of Interest the Regional United States Treasury Banks charge the commercial banks and the interest the commercial banks charge their customers shall be enough to pay for good services and no more.

Section Q. Interest Rates for the use of United States Treasury money shall be uniform throughout the nation (and eventually throughout the world). This is intended to discourage shifting funds from state to state and nation to nation for quick, manipulative profit that contributes nothing of value to the community. These rates shall be set by the United States Treasury operating the system professionally for Congress; rates can be different for each and every type of loan.

Section R. To obtain currency and coin, the commercial bank shall send its request and cashier's check to the Regional United States Treasury Bank's currency department. The commercial bank's check shall then be debited to its account at the check Clearance Pool and credited to the Regional United States Treasury Bank's currency department, which shall send the currency and coin requested to the commercial bank. The credit shall then be forwarded to the Bureau of Engraving and Printing account at the check Clearance Pool which will enable it to replenish its supply of currency and coin by the amount.

Section S. Loans outstanding as of the date of the passage of this act shall receive special treatment as follows:

Clause 1. The loans outstanding as of the date of the repeal of the Federal Reserve Act are hereby declared as valid debts owed by the borrowers to the banks.

Clause 2. The money for outstanding loans is hereby recognized as money created by the fractional reserve debt-based banking rules when the loans were made; it is therefore not all honest money earned by the bank loaning it.

Clause 3. Nevertheless, the money so created is now in circulation in the form of Federal Reserve notes and dollar credits and has increased the nation's Money Supply. As the loans are repaid this money will be removed from circulation. This shall no longer be done by Federal Reserve banks, which do not exist as of the date of the passage of this Act, but by the new Regional United States Treasury Banks. The money will then again be paid or loaned into circulation as determined by the United States Treasury board of governors to maintain a balance in the volume of money in the nation's economy.

Clause 4. As these loans are repaid to the commercial banks, the commercial banks shall send both principal and interest to the special drawing rights department of the Regional United States Treasury Bank. There the total amount shall be debited to the money supply and credited 50% to the commercial bank's account at the check Clearance pool and 50 percent to the general fund of the United States Treasury. This shall be considered a just and favorable settlement for the commercial banks and a reimbursement to the nation for the use of a debt and fractional-reserve money system, as well as in lieu of income taxes (from which the Federal Reserve banks excused themselves).

Clause 5. From the date of the passage of this Act, all new loans and repayments of them shall follow the procedures in Sections O and P. *Renewal of old outstanding loans* shall be treated as new loans and follow Section O, with the first repayment via new loan to be sent to the special Drawing Rights department and be subject to the settlement specified in clause 4.

Clause 6. The stipulation that the commercial banks' own funds shall not be available for loans is to be strictly observed; it is repeated here to emphasize that the enhancement of the bank's account at the Clearing Pool in the settlement for the old outstanding loans shall *not* entitle the bank to use those funds for loans. The only money available for loans by the commercial banks shall be the money borrowed from the Regional United States Treasury Banks. The banks, as well as individuals, shall be free to use their own funds for other investments, assuming the risks that go with them, but exclusive of any kind of lending business.

Section T.

Clause 1. Neither the United States Treasury nor any other department or agency of the United States government, or of any state or local governments, shall advance money, credit, or guarantee to any private corporation or individuals, except through the commercial banks, as provided in this act, Section M and the following.

Clause 2. The United States Treasury Banking System shall be the sole source of money to the United States government and its agencies, and to all other state and local government units, as provided in Sections J and K.

Clause 3. The commercial banks shall be the sole suppliers to private corporations and individuals of money and credit created by the United States Treasury Banking System.

Clause 4. Depositors' money may be loaned by such financial institutions as savings and loan associations, credit unions, and investment banks, under conditions established by the United States Treasury board of governors, for purposes for which they are chartered. These institutions shall strictly abide by the regulations governing the safety and risks involved in each type of operation, shall provide their own insurance through private corporations, and shall provide the public with full information concerning the risks as well as the advantages to be derived from these investments.

Clause 5. Any attempt to furnish money for lending from any private source except in the manner provided for in the above clause of this section, or any attempt to subvert the purposes of this act and return the creation of money to a private organization or individual, shall be deemed an act of counterfeiting, for which Congress shall provide punishment as established by the *Constitution*, Article I, Section VIII, Clause 6.

Section U.

Clause 1.The Regional Unites States Treasury Banks shall clear their own checks, just as Federal Reserve banks cleared theirs under the Federal Act that is hereby being repealed. They shall collect on checks for all out of town commercial banks and shall record all aggregate local clearing by shifting, in the regional bank check Clearance Pool, funds from one bank's account to that of other banks, as needed.

Clause 2. The commercial banks shall provide this clearing service for their customers through the United States Treasury Regional Banks, at the customers' expense, it being a service to their advantage.

Section V.

Clause 1. The commercial banks shall receive their customers' deposits, for which the bank will pay no interest; but instead they shall make a service charge for providing security and the convenience of a checking account.

The commercial banks in the new United States Treasury Banking System shall not use the depositors' money for investment and speculative purposes, as the banks belonging to the Federal Reserve system do today, exposing the depositors' to risk of loss or to the necessity of a bailout by the taxpayers. Therefore it would not be fair to expect the commercial banks to pay interest on those deposits. The prospect of depositors paying for banking services and not receiving interest is more than compensated by the real and permanent benefits they will derive from an honest debt-free money system. If the commercial banks wanted to include these services and also pay a little interest there is nothing in this Act to prevent that so long as their ordinary interest income is adequate to provide sufficient funds for such purpose.

Section W.

Clause 1. The Congress of the United States of America, pursuant to the provisions of the *Constitution*, Article 1, Section 8, Clauses 5 and 6, and of this act, shall provide such penalties as will adequately and effectively protect its power to create the money of the nation and regulate its value through the United States Treasury Banking System as provided in this act from any encroachment.

Clause 2. Specifically, upon complaint initiated by the United States Treasury's bank examiners, or by any member of Congress, involving noncompliance with any provision of this act by any banking institution chartered to provide banking services within the United States of America, or by an employee thereof, the United States Secretary of the Treasury, upon conviction, shall dismiss such employee from any further employment within the United States Treasury Banking System, in addition to any penalties determined by Congress. In the event that the banking institution itself is found guilty of the noncompliance through its board of directors and refuses to comply, the United States Secretary of the Treasury shall revoke its charter to do business, in addition to other penalties determined by Congress as the gravity of its noncompliance may require.

Clause 3. Any attempt to furnish money for lending from any private source except in the manner provided for in Section U or any attempt to obstruct or in any way to impede the United States Secretary of the Treasury from implementing this act; or any attempt to subvert otherwise the purposes of this act and to return the creation of money to a private organization or individual shall be deemed an act of counterfeiting for which Congress shall provide punishment as established by the *Constitution* of the United States, Article I, Section 8, Clause 6.

Section X.

Clause 1. The board of governors of the United States Treasury Banking System shall be accountable to Congress for the honest and professional implementation of this act. It shall use state-of-the-art technology to gather and evaluate economic data and the reliability of various indices and shall use the services of the best accounting professionals to determine within an acceptable tolerance how much money should be in circulation in relation to the true value that is being produced, the productive capacity of the economy, the unfilled needs for employment, and to ensure adequate incomes that will enable especially the lower third of the population to purchase the products and services made available to satisfy their basic needs.

Clause 2. After ascertaining the relationships spoken of in Clause 1 of this Section, it shall be the duty of the board of governors of the United States Treasury Banking System to determine how much money is being withdrawn from the volume in circulation for the conduct of government and for other expenditures appropriated by Congress, how much is not retrieved by the interest received by the United States Treasury, and how much needs to be withdrawn through taxation in order to maintain a stable dollar; and at the same time to provide for a prosperous economy without placing unnecessary tax burdens on the citizens. It shall then provide Congress with guidance for the proper tax-and-appropriation policies. It shall perform these duties utilizing the best professional services available.

Clause 3. It shall be the duty of Congress to respect the professionalism of the United States Treasury Department and to avoid all political interference with its professional operations.

The provision in this clause is essential to prevent political interference with the United States Secretary carrying out financial policy as established professionally by the Board of Directors, which could cause inflation through an excessive issue of money.

Clause 4. It shall be the duty of Congress to establish for the citizens of our country a United States Monetary Institute. This will have two major responsibilities: First, the training of qualified civil-service personnel to handle the finances of the nation, as well as foreign exchange, in accordance with the United States Treasury Banking System as provided in this act; second, the education of the citizens, keeping them alert to the constant threats, schemes, and deceitful propaganda of the financial powers.

Section Y.

Clause 1. This act shall *not* be repealed. Repealing it would be tantamount to repealing Article 1 Section 8, Clause 5 of the *Constitution*, which this act seeks to implement, reaffirming the nation's sovereign power over the creation of money and maintaining its value.

Clause 2. Any effort in Congress to repeal or weaken this act or promote a constitutional convention shall be considered prima-facie evidence of bribery, and the offender shall be expelled by a majority vote of the legislative body to which he or she belongs, and shall be indicted by a grand jury and tried for that crime.

It shall be the duty of Congress to be vigilant to this and any other threat to the permanence of the United States Treasury Banking System as instituted by this act and to alert their fellow American citizens to the dangers, counting on their support in opposing such threats.

Clause 3. This act may be amended only for the purposes of improving the efficiency, services, or organization of the operation of the United States Treasury Banking System by the majority vote of both houses of Congress.

Clause 4. Any decisions found necessary for a prompt and smooth changeover from the Federal Reserve banking system to the new United States Treasury Banking System not covered by the preceding sections of this act shall be decided by the board of governors in consultation with the Secretary of the Treasury, whose responsibility it is to implement the provisions of this act.

Section Z.

Clause 1. It is anticipated that the passage of this act will cause an enormous temporary shock to the financial markets.

For years the Federal Reserve system, the International Monetary Fund, and the World Bank have been engaged in looting and devastating the economies of many nations. The financial markets are now operating in an artificial stratosphere in which structures such as derivatives lay claims to some $40 trillion of earned wealth, which no nation's economy can deliver. In such an extremely speculative environment, all these financial institutions are all destined for a disastrous fall. So let them fall now while the fall can still be managed. It will be a healing experience for many nations, enabling them to start building a solid future for themselves with honest earned investments *and debt-free money created by their own sovereign governments.*

Clause 2a. It is not the mind of the new United States Treasury Banking System, the Secretary of the Treasury, or of Congress to see any injustice done. Therefore, the board of governors with the Secretary of the Treasury and the United States Treasury Banking System shall make every effort possible within the provisions of this act to see that no genuine investor of earned income shall suffer financial harm in the changeover. This does not include speculative income created by borrowing or manipulation that was subject to the risks in the Federal Reserve financial system.

The purpose of this clause is to protect the genuine investor of earned income in any business from harm as far as possible.

Clause 2b. Commercial banks, deprived by this act of their "for profit" status, will certainly see the price of their stocks drop. The Secretary of the Treasury with the board of governors and Congress shall deal fairly with the stockholders who invested earned income in these stocks. They shall provide for reimbursement of the original value of those investments, exclusive of speculative or stock-split gains, but allowing a reasonable dollar amount added to the original investment to compensate for the loss of the purchasing power of the dollar during the time their money was invested. This shall be deemed a generous settlement completely entrusted to the discretion of the board of governors of the United States Treasury Banking System and not subject to any litigation.

Clause 2c. Bank holding companies shall be liquidated and the banks strictly forbidden to compete with their customers in any way. Banking services as provided for in this act, strictly controlled trusteeship, and credit cards at a proper rate of interest approved by

Congress shall be the banks' only functions.

Clause 2d. Those United States government bonds representing the national debt of $6 trillion that are in the possession of the regional Federal Reserve banks as of the passage of this act shall be returned to the government and shall be destroyed, as stated in Section D. The need for the United States Treasury to sell government bonds or other debt instruments is eliminated by the institution of this new money system under the provisions of this act. The bond markets, of course, will reflect this.

United States government bonds in the possession of retirement or other trust funds, or investment funds shall be exchanged either for cash from the United States Treasury Banking System or for other short-term United States government bonds carrying a lower interest rate, no greater than the maximum interest that the United States Treasury Banking System charges for the loans it provides under Sections L and M, initially at the option of the owners of these bonds. Eventually they shall be retired for cash, depending on the ability of the economy to absorb the additional money, as determined by board of governors with the responsibility for maintaining the stable value for the dollar.

Clause 3.Following the period of implementation and adjustment, the United States Congress, the Secretary of the Treasury, and the board of governors of the United States Treasury Banking System shall be receptive and open to further development of services to private associations, like the savings and loan associations, credit unions, investment banks, mortgage companies, licensed brokerage firms, all regulated by law and financed by private earned income financing and strictly regulated and monitored by the United States Treasury Banking System in accordance with varying degrees of risks involved in each type of financial operation and its speculative character.

Under no circumstances shall any of these financial associations be permitted to conduct a lending operation based on any type of government debt or guarantee, or on any type of fractional reserve or margin. It is possible that for the more conservative associations the United States Treasury Banking System could arrange to supply money in keeping with the sections in this act dealing with loans. In dealing with these financial matters Congress and the board of governors shall be constantly vigilant that no situation develops that could allow the so-called big investors of this or any other nation to regain the power of creating and managing the nation's money and consequently its economy.

Comparison of The Two Banking and Money Systems

The Present Federal Reserve Debt-based

Vs.

The New United States Treasury Debt-Free

A. The Federal Reserve System Central banking made up of Twelve regional Federal Reserve banks Governed by an independent Federal Reserve board of governors. The appointment of members to the board of governors by the president is merely a token gesture designed to hide the truth from the citizens. It is made only from candidates acceptable to the owners of the debt-based fractional reserve banking system. The Chairman of the Federal Reserve rejects any attempt at control or call for report or accountability from Congress or the President.

A. The New US Treasury System: Central banking is made up of Twelve regional United States Treasury System banks. Administered by the Secretary of the Treasury and a board of governors fully accountable to Congress. The appointment of members to the board of governors is made by the president, subject to the approval and possible dismissal by Congress.

B. Federal Reserve System: Owned by commercial banks (investors)

B. The New US Treasury System: Owned by the people of the United States.

C. Federal Reserve System: Serves as a “banker's bank,” for maximum profits of its member banks.

C. The New US Treasury System: Serves the nation's financial needs with the debt-free money it creates as under **D**

D. Federal Reserve System: Creates money and debt for the Government: Making a Credit entry to the Government's account at Federal Reserve bank it creates the money. Doing it in return for Government Bonds, it creates a debt obliging the nation to pay interest and repay the loan by raising and collecting taxes from its citizens. The System's banks take every opportunity to create more and more government debt because its whole existence depends on debt. But this always contributes to inflation, diluting the value of the dollar.

D. The New US Treasury System: Creates the nation's money for government services, by loans to commercial banks and by loans and grants to communities and institutions for infrastructures, employment and every day life. There is no need to issue bonds and go into debt. There is no interest to pay. Instead, the government collects modest interest on its loans, providing revenue that further decreases the need for taxes. Does not provide money for speculation, only for actual or future production of goods and services. This money is debt-free and will eventually rid the nation of government debt.

E. Federal Reserve System: Creates banking as an industry, but one that produces no value.

E. The New US Treasury System: Restores banking to its original purpose as a service.

F. Federal Reserve System: Depositors' money is used in the conduct of business and is only as safe as the individual banking enterprise. Depositors' Insurance Corp. protection is limited.

F. The New US Treasury System: Depositors' money is never used for loans; it is kept safe for depositors as a service. Depositors receive minimum or no interest, but the stable value of money and freedom from inflation more than offsets the loss of interest.

G. Federal Reserve System: Commercial banks loan money they do not have, backed by fractional reserves, but collect interest on the whole amount of the loan. The money so created does not bring any value to the economy but must be earned before the loan can be repaid.

G. The New US Treasury System: Commercial banks do not lend anything but money created and loaned to them by the Regional United States Treasury Banks. They lend it at interest rates lower than borrowers now pay. No fractional reserves are allowed or necessary.

H. Federal Reserve System: Creates money as claims on value without creating value, in effect looting value from the nation's economy.

H. The New US Treasury System: Creates money for value received or value to be created, in effect adding to the value of the nation's economy.

I. Federal Reserve System: Allows the big banks to create money for buy outs, derivatives, and other speculative ventures, further looting the economy. High interest charged on these loans has never been created when the loans were made. Yet when paid takes money from the economy. This further depletes the economy while creating profits only for the banking industry.

I. The New US Treasury System: Borrowing debt-free money created by the Regional United States Treasury Banks from the commercial banks also requires payment of interest which takes money out of circulation. But this is restored to the nation's money supply when it is paid to US Treasury General Fund and the commercial bank's share to it's drawing Account.

J. Federal Reserve System: Control of the money supply is for the profit and speculative objectives of the System's owners. It continues to erode the value of the dollar by adding to the government debt, which is one of the causes of inflation.

J. The New US Treasury System: Control of the volume of money is for the purpose of keeping it in balance with the goods and the services produced and maintaining a stable value for the dollar and thus preventing inflation.

Except for the above very significant differences, most of the procedures for the operation of the new system follow the procedures of the Federal Reserve system, which have been perfected over eighty-eight years.

A summary Highlighting the Comparisons

1. No government debt will be incurred when the United States Treasury Banking System creates money by loans and credits for government expenditures. The Federal Reserve debt-based system, on the other hand, has quadrupled the national debt (from $1.142 trillion in 1982 to more then $6 trillion in 2002 and has it increasing by $1.2 billion a day.

2. United States Treasury–created money will be backed by the productive capacity of the citizens and will create wealth for the nation. Federal Reserve–created money is backed by government debt, which removes wealth from the people and places it into the hands of the owners of the debt.

3. Interest on money created by the United States Treasury Banking System will go to the United States Treasury, lowering the need for taxes, or to furnish funds for major infrastructure improvements, or to provide funding to community commercial banks so they can maintain their services to their communities. Interest on the Federal Reserve banking system's debt-based money, on the other hand, increases the big banks' profits, removes money from the economy, gives nothing in return, and increases the need for taxes.

4. The United States Treasury Banking System will be accountable to Congress for regulating the value of the dollar to keep its value stable. The Federal Reserve banking system is not accountable to anyone.

5. The United States Treasury Banking System plan is honest

and based on production and real assets. The Federal Reserve banking system, based on government debt and fractional reserves, is inherently dishonest.

6. The United States Treasury Banking System's objective is to narrow the gap between the rich and the poor. The Federal Reserve system by its very nature as a fractional reserve system keeps on widening that gap. Statistics continue to verify this.

A World Held Hostage By Debt

For children and grandchildren
Such as These
of Every Nation, Race, and Color

Freedom From the
Ravages
of Debt and Poverty

Chapter 24

Freedom From the Ravages of Debt and Poverty What We Must Do To Gain It

Introduction to this Chapter

We already know How To Free the World From Being Hostage To Monetized Debt. We learned that in chapter 23. It has taken the author more than 1000 hours to create that chapter and readers who read it closely have called it "Monumental." But that knowledge of itself will not accomplish a thing unless there are people who will devote hours, days, weeks, months, and years of their lives to use the knowledge to gain the freedom.

The author believes that there are millions of people with the embers of love of God and neighbor smoldering in their hearts. They abhor the sights of poverty, injustices, deprivation, sickness, and suffering of their brothers and sisters in the human family. They truly care. All they need is for some to stir up those embers so they flame out with love and lead to action.

Once people catch on fire, the fire tends to spread quickly like a forest fire that will destroy the filth of injustices created by debt. This is what happened in in chapters 21and 22. It's contagious.

In Chapter 24 we learn what ***we*** need to do, with our own bodies and hours, to follow the example of what the people featured in those two chapters did. Please study those two chapters with special attention to the people's actions that mattered. This chapter will also apply the lessons we learn to our current circumstances.

Our Most Difficult Task is Implementing the Ultimate Credit Source for the Total Development of Nations

The two solutions spoken of in Chapters 21 and 22 solved the short-term problems of debt and poverty on the personal and community levels for 750 million of the world's poor and gave them hope for a better future.

However, on the national and worldwide levels there are still billions of people in poverty. In Kosovo alone there are 5 Million Street Children living in gutters, sewers, streets, and bus stations and millions more in other nations. The long range total development of their nations which would provide them opportunities for employment is being prevented by institutions which were established specifically to aid development. (Chap 18) So billions of citizens of the nations still face a long term daily struggle to provide a decent livelihood and freedom for themselves and their families befitting their human dignity as children of God.

The London Bankers confirm that Debt-free Money IS the Ultimate Credit Source for Total Development of Nations

but *Mischief* for International Bankers

This testimonial is an editorial in the London Times in response to Lincoln's debt-free money. It's in Chapter 11 and need not be repeated here. Please turn to Chapter 11.

Formidable Obstacles to Achieving US Treasury Debt-Free Banking and Money

1. At the head of the list of obstacles we have to place **our own ignorance,** confusion, and false perceptions of what our problems are, the kind and extent of poverty that there is in the world, how the present debt-based money systems work to the detriment of our economy, how they contribute to debt and poverty, what the real solutions are, etc. This ignorance is a very serious obstacle especially because people who are ignorant of these facts will not be open to the changes necessary to correct them. Ignorance and resistance to change go hand in hand.

While this is perhaps not the primary obstacle, it is the only one that we can do something about, to remove it. So it's not really a formidable one. Please read on to the heading **"The Education that Leads to Action"** which will shows us how to rid ourselves of ignorance in a practical and effective manner following the example of the people in the Antigonish and Grameen movements described in chapters 21 and 22.

2. **The almost unlimited power of Money is arrayed against us** and against any institution determined to take away the power to create money from the Bankers. There is no limit to what they can and

will do to stop our efforts.

3. **The government, Congress and the judicial system** are under the control of the money powers and cannot be counted on to help, but will defend the status quo of the debt-based money creators who are their creditors and will protect them. History has shown repeatedly this to be the truth.

4. **The media will neither publicize nor promote the truth** about needed reforms of our monetary or political systems because they are controlled by the Council on Foreign Relations and will not tell us what the bankers don't want us to know. Most big bankers are members of the CFR.

5. **The whole educational and informational systems are likewise controlled** and serve to misinform and deceive the public to protect the establishment's views and biases rather than teach history truthfully. They will not report any successes achieved by people who reject the liberal biases the educational system seeks to impose on the country.

Just try to get information on the Internet about the "Legal Tender Act of 1862, legal tender, or about the creation of money by private banking. You will find a lot of garbled history, totally confused misleading explanations, always heavily slanted in favor of the current debt-based money. There is just too much money to be made by these people from the system for them to risk losing it.

There may be a few instances of people trying to use the Internet to bring the truth about these matters, but only a few. These means of communication cannot be counted on for much help in our quest for Debt-Free money.

No Nation Should Have to Expose Its President to Risk His Life to Obtain Debt-Free Money

6. Several of our Presidents wanted a debt-free money system, but they either failed in their efforts or lost their lives in the attempt. Most people might be aware that Abraham Lincoln persuaded Congress to give our nation this "greatest blessing" when it needed it the most during the Civil War. It was of short duration through the nefarious dealings of the International bankers. The quoted London Times editorial showed that they threatened to destroy any nation that is so mischievous as to create for itself such debt-free money.

Our nation survived, but Abraham Lincoln did not. And his Debt-Free Money did not survive either, because the bankers got Congress to reverse itself and stop debt-free money from being legal tender by adding the Restriction clause. We are not sure about the results of investigations of the precise motives for Lincoln's assassination, but in view of the threat, we cannot rule out murder to prevent him from possibly restoring the debt-free money as fully legal tender. It was mentioned that "most people might know" all this about President Lincoln. But do they? If these truths are not in their history textbooks, Why not?

But what most people do not know is that President John F. Kennedy did the same thing as Abraham Lincoln. Only he did not persuade Congress to pass a Legal Tender Act, but by his own authority issued Executive Order 11110, which he signed June 4, 1963. With signing this order he returned to the federal government, specifically, the Treasury Department the Constitutional power to create and issue money without going through the privately-owned Federal Reserve Bank.

As a result, more than $4 Billion in United States Notes were brought into circulation in $2 and $5 denominations. $10 and $20 Notes were being printed by the Treasury Department but were never circulated because President Kennedy was assassinated on November 22, 1963. The Federal Reserve then immediately took the United States Notes out of circulation and substituted its own Federal Reserve Notes for them.

An exhaustive research of the Federal Register and the Library of Congress by the Christian Common Law Institute shows conclusively that Executive Order 11110 has never been repealed, amended, or superceded by another Presidential Executive Order. So it is still valid, as is our Constitution, but the Federal Reserve does not respect either document. Our Congress is on Fed’s side. So much for the power of the Money Creators.

President John F. Kennedy boldly faced the two most successful means that have ever been used to drive up debt –war and the creation of money by a privately owned central bank. His efforts to bring the troops home from Vietnam combined with his Executive Order 11110 would have destroyed the bankers’ profits and control of private Federal Reserve Bank. Such a man could not be allowed to live. He had to be assassinated.

Concerted Action By Its Citizens
The Nation's Only Hope
to Obtain Debt-Free Money

The first two Solutions featured in Chapters 21 and 22 have relieved the burdens of debt and poverty for 750 million poor people in over 100 nations. It was accomplished by the concerted action of the people themselves. That was very significant for their communities and validated the procedures that they used. We can adapt them to our own use as we seek to implement the Ultimate Source of Debt-Free Credit and Money for the total development of nations.

The Strategy for Concerted Action

The Concerted Action must be by knowledgeable citizens agreeing to repeal the Federal Reserve Act of 1913 with all its amendments. They must unite their forces into a solidarity Party like the Constitution Party, make it a majority party and elect people to Congress who will vote to adopt the Model Bill proposed in the previous chapter. A simple majority vote by Congress and Senate will replace the Federal Reserve Central banking and debt-based money with the United States Treasury Banking and Debt-Free Money System. This will be the Ultimate Source that we are seeking. We will have achieved our goal.

Such Concerted Action by a community in solidarity will remove the danger to the life of a President or any other leader acting alone.

Adult Education Essential
Component of the Strategy

To prepare a nation for concerted action in solidarity, the first and overwhelming requirement is Education. There are many leaders who agree with such an observation. Paul Warburg who was hired by the Wall St. Bankers to design the Federal Reserve Act, creating a central bank under their control, was one of them.

In his 1750 page two volume book on the evolution of the Federal Reserve Act, he insisted over and over that massive education and molding of public opinion are an absolute need or the success of the venture. He and the whole banking fraternity, "***well organized, united, and mobilized took a series of persistent efforts to educate and arouse the public.***"

Yet, after three years of intensive education and propaganda neither he nor the bankers succeeded in swinging public opinion their way. They had to resort to intrigue, deceit, bribery and manipulation of legislators to achieve the passage of the Federal Reserve Act.

The Education That Leads to Action

Both the Grameen Experiment targeting people in abject poverty and the Antigonish Movement addressing the poor farmers, fishermen, and lumberjacks in the Canadian Maritime Provinces have demonstrated the kind of education that produced results. They have proved conclusively that:

1. Ordinary lay people can and will solve their own debt and poverty problems more permanently than any government program

can.

2. With competent and caring leadership the adult and young adult population will educate itself for intelligent action.

3. Self-Education through discussion and study groups of 5-7 persons each prepares them for cooperative group action. Self-Education through cooperative discussion and study is a personal experience that brings personal conviction and knowledge that will be remembered and shared.

4. Personal conviction and knowledge will become a motivating force in the lives of the group participants. It will lead them to recognize each other as brothers an sisters in the human family, children of the same heavenly Father in a struggle against injustice and deserving of mutual love and caring.

5. Soon the members of the group will become excited about what they are accomplishing cooperatively and will want to replicate themselves. In effect they will be little basic communities or living cells ready to multiply themselves. As the groups multiply, they form branches (cfr. Grameen) or organs of a body, each possibly having a different function in the body called community. The larger cooperative communities coalesce into cooperative nations, truly democratic nations ready for concerted action to implement their national goals. These strong and free nations would be ready to cooperate with other nations to transform the larger world into a truly just, prosperous and peaceful society. That would be the kind of voluntary United Nations that would bring peace, not the U.N. we now have where the goal is One World under the dictatorship of money interests enforcing their dictates through force and wars.

This is the way 750 Million people have achieved their "miracles" in the Grameen and Antigonish projects.

The Cell or Base Community Concept

A True Love of God and neighbor, extraordinary dedication, patience, perseverance, determination and compassion for the starving poor were needed to overcome discouragement and opposition. This was demonstrated dramatically by the "Grameem Miracle." No individual person could be expected to possess all these strengths alone.

But ordinary poor people under inspired leadership, by pooling their strengths were able to pursue the dream of a Bank for the Poor and against all odds to achieve it.

They have accomplished this by means of this kind of adult education which taught them to work together to renew and strengthen their communities.

These small groups, or base communities are where the interaction of their members developed the values of self-help, self-responsibility, justice, equality, honesty, openness, social responsibility, caring for others and the solidarity needed to enable them to achieve their goals. It literally changed people and brought them real happiness serving one another.

The groups or base communities, are the simplest of human structures, next to the family, where all the virtues or values necessary for a life befitting human beings as children of God are nurtured and learned. The Finca Program adds a new dimension to the importance of the community concept in achieving educational and economic goals. It does so by emphasizing the family and village as basic communities. It finds that enlisting family and village pride and loyalty brings quicker results and better performance.

Members of communities are not alone as they gather for the cause of justice. They have the promise of Jesus: "Where two or more are gathered in my name there I am in their midst." Matt.19:20 "Gathered in His Name" means gathered for prayer, praise, petition, reparation, action to build up the Kingdom of justice, peace and love. Where Jesus is present there is also the Holy Spirit to give light, strength and courage.

The False Scandal of the base Communities

The author has had the experience of an editor refusing to accept an Advertisement for his first book "Land Lord of the World" because the book suggested base communities, or groups, as a tool for practical education. That response makes about as much sense as a carpenter turning down a fine set of tools because they were used to build an outhouse. The gentleman failed to note that there is a difference between a successful method of doing things and the purpose for which one uses the method. There are thousands of base communities in the world, many of them in the United States, used for about as many purposes.

Just because the Communists used the cell technique to promote communism so successfully that they conquered nations is no reason why people should refuse to use them for constructive purposes. This was and is a highly effective method that can be put to use to achieve worthwhile goals.

The fact that it was so successful both in the spread of communism throughout the world and liberation theology in Brazil, is all the more reason for us to use it if we are looking for like results from our efforts. If the thousands of base communities had used the technique to get a debt-free money system Brazil would not have become the economic basket case that it was and still is, mired in unpayable debt.

The Master Teacher Jesus reminded us that the powers of darkness are often wiser in using their resources for evil than the powers of light who strive to be a light unto the nations.

The Formula for Success

Mother Theresa of Calcutta, India has been quoted frequently as having said that God does not expect us to be successful, but to be faithful. With all due respect to this heroic woman who will soon be canonized a saint in the Catholic Church, we have to say that this statement is true only in the limited sense of material success as modern society views it. Being faithful also requires a certain degree of success. A parent, for instance, cannot be a faithful parent without being successful in doing many important things right.

In the same way, to be faithful to the task of bringing justice, freedom from debt and poverty, peace and a measure of prosperity to the world we need to use cell and base community techniques for

massive education, and we need to be successful in doing it right.

The Formula that proved successful has been expressed succinctly by a new Notre Dame coach who was given the task of restoring the Fighting Irish to their winning ways. The three indispensable requirements he called for were ***trust, love, and commitment***. That formula can be applied to any endeavor and will work for anybody if followed faithfully.

The first part of that formula is ***trust***. We need to trust (1) in ourselves and in our new-found knowledge that it will give us the power to do what others before us have done (2), in our fellow citizens that they will follow our example and cooperate with us.

The experiences of Chapters 21 and 22 have shown that people are inspired by examples of unselfish and courageous action of their peers and, (3) in God, that He will give us the love and courage to make our ***commitment*** to bring freedom from debt, injustice, in **A World Held Hostage By Debt** to bring peace into the world in His Name.

Finally, only genuine ***love*** for God, our county, and our brothers and sisters in the human family is strong enough to motivate people for commitment to concerted action. Only love can give people the courage to overcome their fears. Legislators up for re-elections are afraid to initiate or support any kind of reforms that will endanger the privileged positions of the media owners and advertisers. Only a few legislators have the courage to face the fears that are promoted widely by the media defending their biases and privileges. An outstanding example at this writing is Ron Paul.

The legislators' constituents have fears that hold them back from making real commitments to concerted action and they look to their leaders for examples of courage. Courage has been defined as the ability to do the things we are afraid to do.

The children and grandchildren of all nations, race, and color are waiting for us to love and care enough to gain for them and ourselves a future free from the ravages of debt and poverty. Love and caring will give us the courage to do what we must do to gain it.

Getting Started

The average citizen has a very low level of interest in politics. This is evident from the low participation in elections and from the Readers' Letters to the Editor in our local newspapers. One reason for such apathy is a lack of sufficient knowledge of the issues involved; much "political" discussion is no more than rehashing the personalities and promises of the candidates. Apathy and ignorance go together.

Yet in a representative democracy that is where the action is. Alexander Del Mar, eminent historian of the period covering our war of Independence describes what happened in his book "The History of Money in America", this way: –"A Nation arises to claim for itself liberty and sovereignty. It gains both of these ends by immense sacrifice and treasure. Then, when victory is gained and secured, it hands the national credit —that is to say, a national treasure —over to private individuals, to do as they please with it!" This was done by politics financed by the financiers who bribed the Congressmen.

A book like this, which gives a definite focus to the kind of substantive changes and reforms that are needed must also establish an intellectual basis for the reforms. A thorough understanding of the reasoning, logic, and principles involved will give us that basis, only then can people take action from personal conviction. This intelligent approach requires much more than a cursory reading. It comes from personal discussion in small groups of peers.

The First Step

Before any Movement can be started, some ordinary guy or gal has to move, and to help someone else to move and keep on moving and seeking more and more people with whom to form study groups to discuss, study, and share our insights of the issues. This is the way all great Movements have started. Jesus, the Son of God, took on a human nature, to become a man. As man He started a Movement of mankind toward redemption and eternal life. Before He started His public life, He recruited twelve ordinary men to be witnesses of His teachings whom He would send out into the world as His apostles to help the Movement grow.

All the great monastic Orders started with one ordinary man recruiting others, to become worldwide organizations.

To Start Moving We Need Motives

The motivation of all ordinary people starting those great movements to achieve extraordinary goals of making the world a better place has always been unselfish love. A genuine love of God and neighbor reaching out to the poor, especially to the millions of hungry children searching garbage dumps, begging, fighting, stealing etc. in order to survive brings joy and happiness to those who practice it.

The prospect of helping to achieve a solution to such poverty, injustice, and debt; the hope of restoring peace among nations at war against injustices: will also bring great satisfaction in being part of the action that makes it happen. Such involvement will help us all who are involved to grow in stature as human beings. These are all strong motives that will help us to start moving.

Chapter 25

A Vision of Life Under a Debt-Free Money System

This is a Vision of life in a hostage world ransomed from debt by a debt-free money system. It is a vision foreseen by the international bankers and financiers themselves. They understand all aspects of the functions of money. It's their life. Here please review the editorial quoted in Chapter 23.

1. The first and immediate consequence of a return to debt-free money will be alarm within the financial community. If there was alarm back in 1862 when Abraham Lincoln issued debt-free money, this time we can expect a much stronger reaction. Then, the bankers immediately took emergency action and followed up with a campaign in the media and politics to reinstate their debt and money making power. So we better be ready. This isn't a game for boys and girls.

We can expect the **inevitable propaganda,** lobbying, accusations, name calling, deceit, distortions, bribery, promises intrigues that unlimited money can buy. Can we take all that and stand on our own two feet confident in our knowledge and faithful to our commitment? We must not permit ourselves to be swayed and allow the history of the 1860's related in chapter 11, and of 1913 in Chapter 12 to repeat itself.[1]

The bankers have been practicing "shock therapy" on many nations of the world. This shock will shake the hostage world loose from their grip and really be a loving shock that will bring genuine healing both to them and to the world.

2. The second consequence will also be earth shaking. The mountains of debt will be leveled. Our national debt will immediately start decreasing instead of increasing at the rate of $1.2 billion a day, as it does at present. Eventually the national debt will be completely amortized as more bonds are retired and the money channeled into productive enterprises. The national debt will be paid off completely by the retirement of all bonds held by the banking system, insurance companies, corporations, and other institutions, according to a timetable in order not to distort the balance of money volume in the economy.

3.The congressional budget will always be in balance. With no budget deficit and no further borrowing from a private banking system.

4.The United States Treasury will be receiving interest revenue from its operations instead of paying it out to a private money-creating system.

5. The income tax will be greatly reduced and eliminated when the new system reaches equilibrium. In Germany it took six months.

6. Industry will find that funds released from investments in government bonds will gradually begin to flow into it. That, together with credit available from the United States Treasury Banking System at lower interest rates, will enable industry to finance improved and more efficient production.

7. Revenues derived by the United States Treasury from the operation of the United States Treasury Banking System will be greatly increased as the demand for credit is generated by the increased economic activity.

8. Much lower taxes and lower interest costs will serve to encourage industry and entrepreneurial activity and make them more profitable. These two major creators of jobs will also be enabled to give labor better wages and true investors a better return, as well as making internal financing more available.

9. Unemployment will decrease as more and more jobs are created by revitalized industry and entrepreneurs.

10. Still more employment will result from rebuilding infrastructures financed by the United States Treasury Banking System.

11. Service industries will experience the multiplier effects of the healthy productive economy and will be more prosperous, also making a contribution to the solution of unemployment problems.

12. Infrastructure needs throughout the nation gradually will be filled as labor is available.

13. Poverty and welfare will disappear as more and more people become self-supporting through adequate employment income, lower taxes, and a stable dollar. Full employment at fair wages, sustained with the help of infrastructure maintenance, will provide buying power for the seventy million Americans who are now at or near poverty levels or

unemployed and have many unmet needs. This huge pent-up demand for the products of industry made effective with the purchasing of these 70 million, and 60 million middle-class citizens, will keep industry and private entrepreneurs busy indefinitely.

14. The gap between the rich and poor, recognized by the media as continually spreading, will begin to close. The rich will not be despoiled of wealth truly earned, yet the poor will have a fair field in which to move out of poverty.

15. A greatly reduced need for taxes at the federal level will eventually eliminate the need for the Internal Revenue Service. Its functions would easily be absorbed by the United States Treasury Banking System and served by the nation's commercial banks, providing them with an additional source of income at the local communities throughout the nation. The federal income tax 16th amendment was adopted to guarantee the payment of interest on the government debt. With repeal of the Federal Reserve Act and the adoption of the United States Treasury Banking System, the need for the IRS will no longer exist. As the National debt is gradually decreased the interest will also diminish. In the meantime, the Treasury will honor it and factor it as part of its function to manage the volume of money in circulation and the value of the dollar.

16. With the repeal of the Federal Reserve Act Banking it will no longer be an industry for profit, but a highly respected service to wealth-producing industries and the community, which will earn for it just and adequate rewards.

17. Commercial banks, divorced from the system of creating

debt-based money by the use of fractional reserves will not have funds for speculative activities such as derivative operations or for the purchase of bonds that tie up funds that should be available to the nation. These banks will be the service institutions that banks were meant to be, completely safe and honest institutions serving their communities using only debt-free United States Treasury Banking System money. They will be free from the risks of failure inherent in speculative activities. Honesty and competence of the local personnel will be the only variables required for a completely successful operation of the commercial banks.

18. Personal savings will be more meaningful and attractive than ever with a stable dollar maintained by the board of governors of the United States Treasury Banking System. People will not need to fear the dollar losing its purchasing power in future years. Through such personal savings and other investments people will be able to assume responsibility for their own health and retirement needs, leaving the government concerned only for the few who are not capable of doing so on their own. The stable dollar will be the result of the United States Treasury's keeping a balance between the volume of money and the production of value.

19. Inflation and depression cycles created by the debt-based money banking system operators throughout the world will be eliminated entirely, first in United States and eventually in other nations as they too reform their monetary systems.

20. The stable dollar will make continual pay raises and cost-of-living increases unnecessary.

21. Savings will, of course, temporarily remove those dollars

from the volume of money in circulation. The Treasury will remedy that easily by replacing money removed from the economy with new money, which will be doing its job in the economy while savings are waiting to be used when needed. Thus people desiring to save need not feel guilty that their savings are lying idle in the bank. They will not be earning interest but will be keeping their value, which is far better than receiving a nominal interest and losing many times that much through inflation and taxes. It is possible that some interest may also be paid.

22. Investing of surplus earned dollars in private productive industry and entrepreneurial enterprises will offer the hope of increasing true personal wealth and savings, while accepting the risks of the ventures. These true investors of earned money will no longer have to compete with the big speculators who use huge sums of easily borrowed money created by a fractional reserve system.

23. States and communities will be able to issue bonds at very low interest rates to fund infrastructures and improvements. These bonds will be issued through the United States Treasury only, in accordance with the provisions of the Monetary Reform Act establishing the United States Treasury Banking System. Infrastructures at the national level will be funded for construction by private industry, involving no interest charges. This will be the major way in which government will inject new money into the money supply for constructive purposes only. Thus guaranteeing that the money adds value to the economy.

24. Research and development, technology and replacing outdated structures will be strengthened by the influx of new money as the various government bonds are gradually retired.

25. Lower taxes and credit costs will make it easier for investors of earned funds in industry to make an honest and fair profit.

26. All working citizens will be able to support their families in reasonable comfort without the need for both parents to work. Parents being able to spend more time with their children will be a big step toward solving the juvenile problems in our society.

27. Much of the hopelessness, violence and drug culture in our society and in the world will disappear with gainful employment.

28. The vision of a more certain and dependable economic future will hasten the coming of justice and peace.

29. Not all problems will be solved by material prosperity. The spiritual poverty in our nation is even greater than the material. But the basic structural causes of institutionalized poverty and injustice in the world that have been with us for centuries will be eliminated. This will allow greater freedom and more time for the citizens to develop their cultural and spiritual lives.

30. The Statue of Liberty will regain its original meaning as *huddled masses* find compassion and welcome at our shores with our nation in need of immigrants rather than rejecting them. Our problems with illegal immigration will likewise ease when other nations follow our example and begin to solve many of their own problems.

31. As the nations of the world follow the example of the United States adopting and instituting Debt-free money systems, the bonds of

debt by which they are held hostage will be shattered and the World Will Be Set FREE!

32. A WORD OF CAUTION: The International Bankers have already given notice in London in 1862 that “any government that chooses to create its own credit and money must be destroyed.” Winning and maintaining victory will have a price. That price is courage. Do not let fear of threats take over and keep all from doing a difficult task. Please stop here and reflect on Chapter 24.

33. AN ALERT: The lesson we learn from history is not to jump into halfway measures like nationalizing the Federal Reserve banks or agitate for the government to control them as happened in Mexico. Nor should it be allowed for bankers to simply change their address and occupy the offices of the government to make the citizens believe they are a government agency, like the London Exchequer. Our own history shows that efforts of Congress to reform the Fed never worked. In no time the banks were back at their business with a vengeance. Let us not waste our time and effort with halfway measures. The Model Bill presented in chapter 23 for the Repeal of the Federal Reserve Act and complete changeover to debt-free money and banking must be adopted. Let’s do the job right and keep it there. Period.

Do the Land Lords of the World Have a Vision?

You bet your life they do! They have had it for a long time and are now very close to achieving it. It has been in a long secret gestation period, promoted and nurtured by the Bilderbergers, Trilateralists and Council on Foreign Relations, all the big moneyed interests. Now they feel so sure of success and unstoppable that they no longer hesitate to make their plans public. In fact, they have to do that if their media are going to do the propaganda for them. The media are their principal creators of public opinion, and they have already been at it at an increasing pace for the last twenty years.

What Is Their Vision?

On June 1, 1994, the United Nations Development Program released its “Human Development Report”, updated in 1999. Both reports confirm what we already know about the land lords' vision from reports of the planning that went on in their Bilderberg and Trilateralist secret meetings for at least the past twenty years. Their vision is for one world control created in their own atheistic and secular socialistic image, really a world dictatorship, a replica of atheistic Communism.

This sounds unbelievable, but they are not fooling. They are holding out the same kind of promises as Communism did and foolish people are falling for them. In September 2000 the United Nations held a special Millennium Assembly and Summit in New York on the future of the world. At that meeting the UN presented Charter 99, A Charter for Global Democracy and World Governance. Representatives from 56 countries signed on in support. Former President Clinton signed for the United States. Read the Charter on the following web site http://oneworld.net/any/doc.cgi?url=www.charter99.org.

This Charter 99 is only one of many UN documents we need to read to understand fully the whole UN Vision. This is filled with promises and inviting nations to sign on. It's a repetition of the story from the Book of Genesis about Satan showing Eve the fruit that was "beautiful to behold" and tempting to take and eat. Adam and Eve accepting the invitation brought disaster for the human race.

What kind of Global Democracy is the UN promising the world? A democracy is government of the people, by the people, and for the people. How can one reconcile that concept with world governance where the people have nothing to say? When a nation's sovereignty is surrendered to world dictatorship even a whole nation has nothing to say. Forget the local level and individual rights altogether. They did not have any voice under communism nor will they under "world governance." The democracy promised is nothing more than bait to entice people to submit. No different than communism's proletariat.

With the help of the mainstream media they now feel close to realizing their vision and no longer hesitate to give us some important specifics of the vision being fulfilled. In their "Human Development Reports" for 1994 and 1999 and interim reports they tell us about these:

1. A *world court* with power to put nations and private citizens anywhere in the world on trial without benefit of jury or services of a lawyer. The U.N. police will bring in anybody whom it considers a criminal disobeying the laws laid down by the U.N. Judgement will be pronounced with no recourse or appeal to any other court. Unfortunately the Court is reality now in 2002 approved by some 60 nations. Our

President Bush, while not removing Clinton's signature, gave notice that our country will not accept it. The U.N. claims that won't make any difference. The Court will assume jurisdiction any place in the world regardless of whether a nation has approved it or not. Do you see where this is leading while we are asleep and not interested in politics?

2. *A world police, A world bank*: A nation's central bank can control only one nation. To have all those 173 central banks in sovereign nations around the world will not do. There has to be a central bank for the whole world in their vision. There already is a World Bank, along with the International Monetary Fund, but to be able to control the economies of all areas of the one world, the central world bank must be the *sole* power.

3. A *world treasury* and a world income tax: The U.N. expects the tax to become operational in 2002. At the U.N. Development Summit in Monterrey, Mexico in March 2002, plans were being discussed, possibly decided on, for implementing this tax.

4. A *world military*: The military forces of all developing nations must be dismantled.

5. A *world trade and production organization*: NAFTA and GATT are a first step. They will tell you what and where you can produce or what and where you can buy something to eat or the clothes to wear or anything else that their "free market" policies require. (Does that sound familiar to anyone today under President Obama?)

6. *A population and development committee*: The first step was the Cairo 1994 conference followed by the one at Beijing. The goal here

is to cut down the population, using contraception, abortion, condoms, and so forth. A culture of death rather than of life is being forced on nations throughout the world depriving the citizens of freedom to follow their conscience in living a moral life.

7. *An economic security council*: The purpose of this will be to see that citizens follow regulations using the “bread and butter” approach. Economic welfare will be tied to keeping regulations. That alone will create more poverty.

Not mentioned in the Human Development Report is *outcome-based education*, but that too is the tool that will help them achieve their vision of the one world system of control. The outcomes will help form their kind of society: secular, hedonistic, insisting on rights, forgetting responsibilities, rejecting absolute values.

At the U.N. Summit on the Rights of the Child in 2002 UNICEF distributed literature promoting the concept that children have unlimited rights to have sex with one another and to experiment using things and animals to see what gives them the greatest pleasure. More on this was written near the end of Chapter 19.

It is hard to believe that the foregoing are not just fantasies. But those are their own statements in the reports, seriously made, and the plans are being implemented, though not as quickly as they planned because they are being strongly opposed by nations that treasure their ethnic values, traditions, and sovereignty.

The United Nations

The concepts of one world united in harmony and peace are not evil in themselves. They are good and highly desirable. But true unity, cooperation, and brotherhood can only come as a consequence of love in action. Maneuvering nations into debt and into so-called “free markets” to be monopolized by the industrial and agricultural land lords, privatizing their resources into the hands of the land lords, selling the nations military hardware to create more debt and war, in short, practicing new colonialism, are *not exactly* acts of love. They are not the ways to forge unity and a true one world, but only fascism, dictatorship, and more war.

Acts of love on the international level called for by the encyclicals of both Pope Paul VI and Pope John Paul II are assistance and cooperation with the undeveloped third world nations in the development of their own systems of education, infrastructure, social services, government and industry, sharing our technologies, helping them to establish their own debt free financial reforms and respecting their sovereignties. That is all precisely what the IMF and World Bank are forcing those countries to eliminate, to be able to pay interest on their debts.

The hour is late. If we citizens choose to stay asleep and then awaken only partially, the media will gently lull us back to sleep or keep us entertained with sports and scandals, as foreseen by editor Phillip Freneau two hundred years ago. When eventually we wake up, it could easily be too late.

Note:

1. The reader is invited to review chapter 11, in which the whole story and the reason for the international bankers' alarm are given.

Epilogue

The message this book is bringing to you has been repeated over and over in many different ways and contexts. This was done intentionally following educational psychology which teaches us that only by presenting and explaining a message repeatedly will it eventually be understood and believed. This is the same procedure that is being followed by the mainstream media day and night. It will serve us well to do the same to reach our goals.

Hitler knew this, used it to re-educate his people to accept a godless society, the superiority of the German race and hatred of each other. In his book Mein Kampf he wrote that people will even believe a lie if it is repeated often enough. Once people believe a lie, it is very difficult to persuade them to accept the truth or even to be open to it.

While repeating the truths presented in this book every effort was made to keep our stories interesting. Each time we wrapped the truth in a relevant historical narrative of something that really happened.

The most tragic truth that we must face is that the “imperialism of money” the topic of many discussions in this book, is engaged in a war for the minds and souls of humankind. Through its control of the media and politics, it keeps people in ignorance while quietly taking away their basic rights and freedoms.

The founders of our nation treasured freedom and shook off the chains of slavery at great cost. But while the people who followed them relaxed their guard and succumbed to ignorance, unaware in sufficient numbers of what was happening, the imperialism of money reared its head again. It did not die in the battles of the American Revolution. It continued to grow ever more bold until it has reached its present position of power. Now it holds the whole world hostage to the debt it creates and to the subsequent worldwide poverty.

Also a great tragedy has entered the world to add to the sufferings of humanity already burdened with poverty when the ancient "lex talionis" or law of retaliation returned to our society. That law of pagan Hammurabi limited retaliation to an eye for an eye. A tooth for a tooth, instead of following the barbaric tribal rule of destroying the whole tribe for a single offense by one of its members. Now many supposedly God-fearing nations went back all the way to barbarism, calling it self-dense or a war against terrorism. It is simply unmitigated hatred for one's brothers and sisters in the human family. On the Internet it is linked to Satanism.

However, it will do us no good to bemoan the situation the world is in. "Poverty is not necessary" are the words of a realist, Pope John Paul II. The examples of ordinary people breaking the bonds of debt and poverty prove that these words are true. Poverty is not necessary. It can be overcome by the people acting in solidarity. This book has shown how it can be done. It has shown not only how ordinary citizens have done it but also gave examples of whole nations enjoying freedom from debt and poverty for centuries.

Neither is hatred and barbaric retaliation and terrorism necessary, but nothing will change until people change their hearts. For nearly two millennia the message has been before mankind. "Avoid greed in all its forms" (Lk 12:15). If you do not forgive others, neither will your heavenly Father forgive you (Matt 6:15) “Love one another” (1 Jn 4:7-21). Both greed and an unforgiving hateful spirit are a total rejection of love. Once either or both take over a human heart there can no forgiveness or generous commitment in that heart. It is impossible without Love. Love must change and energize that heart before it can forgive and love again. A love so powerful is a gift from God Who is love and must be asked for in prayer. One thing that people do have is the power to choose. If they are sick and tired of seeing so much war, retaliation, terror, and poverty in the world, they can choose to open their hearts to God’s grace and ask for the Gift of His Love in prayer.

“Someday, when we have mastered the winds, the waves, the tides and gravity, we shall harness for God the energies of love. Then for the second time in the history of the world, man will have discovered fire” a fire that will consume the greed and injustice which stand in the way of hope.” (Theilhard de Chardin) May that day usher in a new world with justice, love, forgiveness and peace for all mankind in the new millennium.

Appendix A

Pope Paul VI Encyclical On Development of Peoples A Summary

Summary of Key Points Made in the Encyclical

The problem "of hunger, misery, endemic diseases and ignorance" and giving the peoples of underdeveloped nations a "wider share in the benefits of civilization" calls for their "development."

"Peoples who have recently gained national independence experience the need . . . to seek their own internal social and economic growth so that they may be able to take care of their own people. Those nations want "to take their rightful place with other nations."

While the colonial powers left some benefits that persist, the people were often used to further the colonial powers' "own interests, power and glory," and "their departure has sometimes left a precarious economy." This caused great hardships, especially for the farmers and accounts for social conflicts and civil wars that "have taken on world dimensions." In the meantime, "a restricted group enjoys a refined civilization."

In this situation of tensions between the old and the new, the people's "moral, spiritual, and religious supports of the past often give way without securing in return any guarantee of a place in the new world. . . . The resulting dangers are . . . violent popular reactions, agitation towards insurrection and a drifting towards totalitarian ideologies."

A Call for Concerted World Action based on a Clear Vision

The early missionaries "were among the pioneers in material progress as well as in cultural development. However, local and individual undertakings are no longer enough. The present situation of the world demands concerted action based on a clear vision of all economic, social, cultural and spiritual aspects." The unity and cooperation of all people of good will be necessary for such development of all nations.

The Christian Vision of Development

The encyclical's vision is shared by other religions and all people of good will. "Development cannot be limited to mere economic growth." The human must not be separated from the economic, "nor development from the civilization in which it exists." The individual person, endowed with intelligence, free will, and unique talents and qualities, is ultimately responsible for his or her own growth and development as a child of God. In this the person is either helped or impeded by the environment of education and those with whom he or she lives. Impeding such personal development are "less than human conditions."

As members of community, we all have a responsibility for community development. We have received from the past, we benefit from the work of others in the present, "and we cannot refuse to interest ourselves in those who will come after us."

"Both for nations and for individual men, avarice is the most evident form of moral underdevelopment. . . . The acquiring of temporal goods can lead to greed, to the insatiable desire for more and can make increased power a tempting objective. Increased possession is not the ultimate goal of nations nor of individuals."

The values that will permit authentic development are love, friendship, prayer and contemplation. Our hearts are too small for the love that we need to have and they must be "stretched" by prayer.

The Concerted Action to Be Undertaken

The encyclical is not just presenting us with some basic principles for the development of peoples, but is calling for "concerted action." It leaves the specific actions to leaders, legislators, and citizens motivated by genuine love and the desire to contribute to the common good.

It speaks of unjust and evil economic structures spawned by avarice and greed and identifies the principal ones as ***liberal capitalism and the international imperialism of money***. It condemns them, and says, "It is the responsibility of public authorities to look for a solution . . . to such problems . . . with the active participation of individuals and social groups."

Some basic principles that must govern actions include these:

1. "The world is made to furnish each individual with the means of livelihood and the instruments for growth and progress."

2. "All other rights whatsoever, including those of property and of free commerce, are to be subordinated to this principle. .. . Private property does not constitute for anyone an absolute and unconditioned right."

3. "It is unacceptable that citizens with abundant incomes from the resources and activity of their country should transfer a considerable part of this income purely for their own advantage, without care for the manifest wrong they inflict on their country by doing this."

Together with research, the ability of many to take calculated risks and show boldness in enterprises has made an "irreplaceable contribution" to the development of peoples. There is no quarrel with a *just* form of capitalism invested in such development.

The unfortunate thing is not industrialism as such but the ***abuses*** centered in greed that provided the occasion for "the international imperialism of money."

The International Imperialism of Money

Pope Pius XI had pointed out the root cause of poverty and oppression in his encyclical *Quadragesimo Anno* as the "international imperialism of money." Paul VI explains that the new industrialism, while good in itself, **provided the occasion for certain "pernicious economic concepts" to grow up along with it. They concepts are**:

1. Profit is the chief spur to economic progress.
2. Free competition is the guiding norm of economics.
3. Private ownership of the means of production is an absolute right, with no limits or concomitant social obligations.

Those three concepts constitute "unbridled liberalism" in economics, which paved the way for "international imperialism of money." All three of those concepts persist to this day and are rebutted as false and inadequate in the encyclical.

It is urgent to remove these oppressive structures from society because the gap between progress of some and regression of others is growing. However, we must be patient and not succumb to the temptation of violence or armed revolution.

"We want to be clearly understood: . . . **Development demands bold transformations, innovations that go deep. Urgent reforms should be undertaken without delay. It is for each one to take his share in them with generosity, particularly those whose education, position and opportunities afford them wide scope for action are called upon to use their gifts and position to share in that**

development."(wording slightly adapted)

The encyclical emphasizes education and support for the family, correct demographics, organization, respect for human dignity, and assistance programs as the proper area of involvement through which to achieve reform. In all of those areas we must "maintain the correct orientation to human dignity, freedom, and man's final end. Above all, we need to be aware of the dangers and temptations of materialism." It supports the concepts of a unified world based on the principles of community and universal charity. **It speaks of the great need of nations to build and upgrade their infrastructures, the problems of money and the ever present need for credit, and suggests a world fund. It calls for international dialogue and cooperation in the areas of trade.**

Pope Paul VI, in his speech to the representatives of the United Nations in New York, held out a beautiful vision of what a world authority could accomplish for humanity. He did not identify himself with the United Nations or with the World Bank or the International Monetary Fund, which had been in existence for over twenty years before his call for a world fund. Evidently he knew that these were not doing the job for which they were ostensibly created.

Today Pope Paul would be disappointed to find that the United Nations has degenerated into a political tool manipulated by a few self-serving nations and ideologies, autocratically and arrogantly imposing economic sanctions that devastate whole nations and oppress poor peoples. The World Bank and International Monetary Fund, instead of serving the development of nations, forbid the building of infrastructure, industrialization, social progress and impose debt and "conditionalities" for the payment of interest. **Missing in that approach are the**

essentials for true cooperation and development: love and community.

In his 1967 encyclical Paul VI said: "**The world is sick**. Its illness consists less in the unproductive monopolization of resources by a small number of men than in the lack of brotherhood among individuals and peoples." Our world is much sicker now.

Finally, **the encyclical renews its pleas for cooperation and solidarity**, even as Pope John Paul does in *Centesimus Annus*. The call is not only to action but also to prayer. "The prayer of all ought to rise with fervor to the almighty. ". . . **This prayer should be matched with resolute commitment of each individual."**

Pope Paul VI closes by saying that **"development is the new name for peace,"** because it removes the principle causes of war.

Appendix B

Confidential Circular from
Number 3 Wall Street,
July 5, 1863

Something Else the Bankers
Don't Want You to Know

To Friends and Clients:

1. Any number of persons, not less than five, may organize a national banking corporation.
2. Except in cities having 6,000 inhabitants or less, a national bank cannot have less than $1,000,000 capital.
3. They are private corporations organized for private gain and select their own officers and employees.
4. They are not subject to the control of the state laws, except as congress may enact from time to time provide.
5. They can receive deposits and loan them for their own benefit.
6. They can buy and sell bonds, and discount paper and do general banking business.
7. To start a national bank on the scale of $1,000,000 will require the purchase of that amount (par value). of U.S. government bonds.

8. U.S. government bonds can now be purchased at 50% discount, so that a bank of $1,000,000 capital can be started at this time with only $500,000.

9. These bonds must be deposited with the U.S. Treasury at Washington as security for the national bank currency, that on making of the deposit will be furnished by the government to the bank.

10. The U.S. government will pay 6% interest on the bonds, in gold, the interest being paid semi-annually. It will be seen that at the present price bonds, the interest paid by the government itself, will of itself amount to 12% in gold, on all the money invested.

11. The U.S. government, under the provisions of the national banking act, on having the bonds aforesaid deposited with its treasurer, will on the strength of such security, furnish national currency to the bank depositing the bonds, at an annual interest of only one per cent per annum. Thus the deposit of $1,000,000 will secure the issue of $900,000 in currency.

12. This currency is printed by the U.S. government in a form so like the greenback money, that many people do not detect the difference, although the currency is but a promise of the bank to pay—that is, it is the bank's demand note, and must be signed by the bank's president before it can be used.

13. The demand for money is so great that this currency can readily loaned to people across the counter of the bank at a discount at the rate of 10% at 30 days' to 60 days' time, making it about 12% interest on the currency.

14. The interest on the bonds, plus the interest on the currency which the bonds secure, plus incidentals of the business ought to make the gross earnings of the bank amount to from 28 to 33 1/3 percent. The amount of the dividends that may be declared will depend largely upon the salaries of the officers that the banks

vote themselves, and the character and rental charges of the premises occupied by the bank as a place of business. In case it is thought best that the showing of profits should not appear too large, the common plan of having the directors buy the bank buildings and then raising the rent and salary of the president and cashier may be adopted.

15. **National banks are privileged to either increase or contract their circulation at will, and of course, can grant or withhold loans as they see fit. As the banks have a national organization, and can easily act together in withholding loans or extending them, it follows that they can by united action in refusing to make loans, cause a stringency in the money market and in a single week or even a single day cause a decline in all the products of the country. The tremendous possibilities of speculation involved in this control of money of a country like the United States will be at once understood by all bankers.**

16. National banks pay no taxes on their bonds, nor on their capital, nor on their deposits. This exemption from taxation is based on the theory that the capital of these banks is invested in U.S. securities, and is a remarkable permission of the law.

17. The secretary may deposit the public money with any bank at will, and in any amount. In the suit of Mr. Branch against the Unites States, reported in the 12th volume of the U.S. Court of Claims, reports on page 287, it was decided that such "government deposits are rightfully mingled with other funds of the bank, and are loaned or otherwise employed in the ordinary business of the bank, and the bank becomes debtor of the United States as it does to other depositors." **Requesting that you will regard this as strictly confidential,** and soliciting any favors in our line that you may have to extend, we are,

Most Respectfully Yours,

Ikleheimer, Morton, & Vandergould

A Commentary on the Above Circular

The message the circular carries to prospective bankers is quite clear. Let's look again at certain points.

Point 3 tells the whole story. Most people, even today, believe that our money system and banking are government functions, that the Federal Reserve banks are really government institutions. Ask your Congressman or Senator, or even a Federal Reserve bank official employed and paid by a bank check, not by a government check. They will tell you that the Federal Reserve is a government agency. This is nothing but pure ignorance. All the maneuvering by the big bankers, from Alexander Hamilton to Paul Warburg to the present has been for private central control of banks and money creation and for total independence and freedom from any interference by the government. There was never any intention that the banks be government institutions or agencies; they are "private corporations organized for private gain."

Under *Point* *7* par value has been highlighted. Face value is evidently meant, as is clear from *Point 8*. The government goes into debt to the banks, selling them the bonds at half price, which entitles them to interest on the *full* face value of the bonds. Interest is to be paid by the tax payers.

In *Point 9* we learn that the government offers to "babysit" the bonds for the banks. It calls these bonds *security* for the currency it will print for the banks to use in making more loans to people, making another 10 percent on short-term loans (*Point 13*) or to buy still more bonds with, if they wish. What a game! One can almost smell the corruption and bribery among the Congressmen who turned over to private corporations the government's sovereign power to create money and then even prints it for them.

Point 15 reminds the banks how to create depressions and inflations, a cycle it assumes they already know, providing them "with tremendous possibilities of speculation" and profits from the sufferings of the people. To the land lords of the world people don't count, only money and profits do.

Point 16 The bankers are exempt from taxation—"a remarkable permission of the law." All they need is legality. Morality is not their concern.

Point 17 Most people think that the money they deposit in a bank is theirs, available any time they want. Honest and stable money is indeed that. But the money we (or a government entity) deposit becomes the bank's stock in trade, part of its business. All the bank gives the depositor is an acknowledgment of its own liability to the depositor. If the bank can't meet that liability, the depositor loses the deposited money.

The Federal Deposit Insurance Corporation (FDIC)

Question: Does not the FDIC insure the depositors against losses? Answer. In 1933 the FDIC was created to insure the deposits of individuals up to $100,000 and of banks up to $1,000,000.[1] Both the

FDIC and the FSLIC were creations of the Federal Reserve banking system, not of the government. The FSLIC ran out of money by 1989 with liabilities of $100 billion in excess of assets and closed operations, passing its obligations to the FDIC.

On December 31, 1990, the FDIC paid out $4.244 billion to the failed Capital Bank and Trust Co. of Boston, the biggest single pay out. During 1990, 108 banks had failed, with an additional 440 expected to fail by the end of 1992. As of July 1992 the FDIC was in the red to the tune of approximately $500 billion, the amount Congress was called upon to borrow from the Federal Reserve, adding to the national debt and to the interest the taxpayers are expected to pay. The Resolution Trust Corporation (RTC) was formed to take over and dissolve the failed banking institutions. By July 1992 it had dissolved 452 of them and placed another 66 under conservatorship. As the assets of these banks are sold and administration expenses deducted, major depositors considered "essential" to the system are reimbursed. In the meantime, government estimates suggest it will take another $500 billion to complete the bailout, not counting any current or future bank failures.

As of December 1995 there were requests before Congress for additional funding, which Congress does not seem to have any problem with. Meanwhile, Congress is debating which social services to eliminate in order to balance the budget, not even mentioning the banking debacle to the public.

This is just one way in which citizens are misinformed and manipulated while the land lords of the world follow the plan laid out by the Confidential Circular toward achieving ever greater profits financial control of the nations.

Note:

1. The Federal Savings and Loan Insurance Corporation (FSLIC) serves the same function for savings and loan associations.

A Flash Back

to Chapters 10 and 11

The Islamic Banking and Money System was presented in Chapter 10 as an effective and honest banking system that is Debt-free, based on Islamic principles. Dr. Mohathier Mohammad has high hopes of making it worldwide and international and thus freeing the world from the slavery to debt. We wish them well. (Do not confuse this with the Islamic movement in the world today. At this point just ask yourself if you see those people living well under their current leadership and banking system. It's the money that rules.)

However, there are indications that this will never happen, or if it does happen it will be short-lived. The reason for this statement is that the International Monetary Fund, World Bank, and Federal Reserve are still around, with their unlimited power to create debt and debt-based money. They are already aware of the threat Islamic Banking presents to their position and are calling "conferences" with key Islamic leaders as part of their usual maneuvers to prevent them from achieving their goal of freeing the world from debt.

This is why the program presented here in Chapter 23 for the complete Repeal of the Federal Reserve Act is the only way to go. The Debt Creators must be removed from the face of the earth. It's not going to be a pushover. All the precautions described in Chapters 23-24 and Appendix A & B must be observed.

May the Lord Bless all of our efforts to bring justice, love, and peace to this war-torn and greedy world. Thank you.