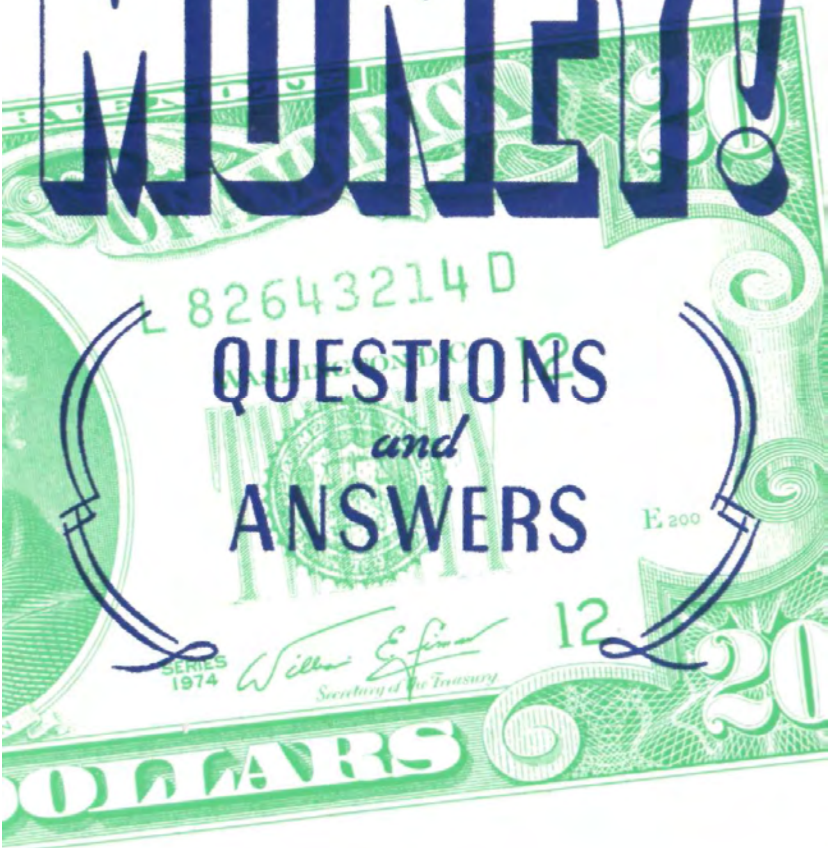
MONEY!

QUESTIONS *and* ANSWERS



REV. CHARLES E. COUGHLIN

MAY 15, 1891—Papal Encyclical "Rerum Novarum" issued by Pope Leo XIII.

OCT. 25, 1891—Father Chas. E. Coughlin born, Hamilton, Ont.

1911 — Degree in honor philosophy,. St. Michael's College Toronto; Doctor of Laws, Notre Dame University, 1933.

1916—Taught philosophy and English, St. Basil's College, Waco, Texas.

JUNE 29, 1916 —Ordained to Holy Priesthood, St. Basil's Church, Toronto.

1916-18—Teacher philosophy and English, Assumption College, Sandwich, Ont.; assistant pastor St. Agnes Church, Detroit.

FEB. 26, 1923—Incardinated into Diocese of Detroit by Bishop Gallagher; assistant St. Augustine's, Kalamazoo, 3 months; St. Leo's, Detroit, 18 months.

1925—Pastor SS. Peter and Paul Parish, North Branch, Mich.

MAY 17, 1925—Canonization of St. Therese.

MAY, 1926 — Founder and pastor St. Therese Shrine, Royal Oak, Mich.

OCT. 17, 1926—Sunday, 2 p.m., first radio broadcast on WJR from altar of Little Flower Shrine; beginning nationally famous Golden Hour Children's Hour and broadcasts to shut-ins.

JAN. 16, 1927—Radio mission, broadcast novenna to St. Therese. Radio listeners form League of the Little Flower in every State and many foreign countries.

1928—Charity Crucifixion Tower conceived and started.

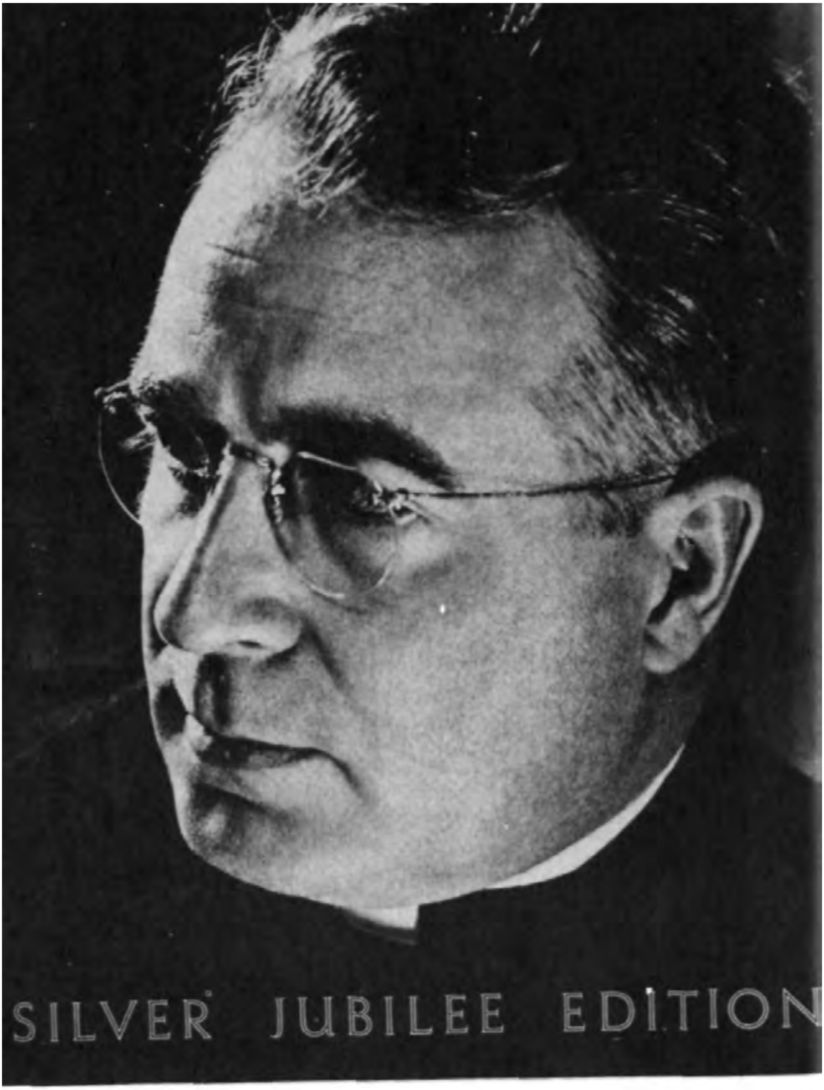
JAN. 12, 1930—Broadcast over three-station hook-up.

OCT. 5, 1930—Broadcast series over WXYZ and C.B.S. chain.

OCT. 11, 1931—Dedication of Shrine of the Little Flower.

1930-40—Sunday afternoon broadcasts over independent national radio network.

MARCH 13, 1936—Founded SOCIAL JUSTICE National Magazine.



FATHER COUGHLIN

DEDICATED

TO THE OPPRESSED PEOPLE OF AMERICA





Boyhood and Home

Born October 75, 1891, of American parents residing in Hamilton, Ontario, Father Coughlin's boyhood and early school days were spent in his native city. Upon the foundation of a devoutly religious home life his Christian education was built. His parents, Thomas J. and Amelia (Mahoney) Coughlin, observed their Golden Wedding anniversary last year

PREFACE

This book is written for the ordinary American citizen. Therefore many needlessly abstract and intricate questions dealing with political economy, banking, and money are pur-posely omitted.

Unlike many writers on money, the author is in nowise identified with that band of political economists who have proven to be nothing more than mouthpieces for the private coiners of money.

Moreover, the author of this book has kept in mind the vast resources and virgin wealth of the United States of America where want needlessly reigns in the midst of plenty simply because there is a planned scarcity of money required for the transfer of wealth.

The National Union which is propagating the doctrine of social justice presents this book to the American public in order to expand principles number six, number seven and number eight of the sixteen principles of social justice which have been widely publicized. These specific principles are as follows:

6. I believe in the abolition of the privately owned Fed-eral Reserve Banking System and in the establishment of a Government owned Central Bank.

7. I believe in rescuing from the hands of private owners the right to coin and regulate the value of money, which right must be restored to Congress where it belongs.

8. I believe that one of the chief duties of this Govern-ment owned Central Bank is to maintain the cost of living on an even keel and arrange for the repayment of dollar debts with equal value dollars.

In no sense, however, should this book be misinterpreted to mean that the National Union has discarded other princi-ples. Because money is the most vital and fundamental prob-lem to be solved before social justice can be reestablished, this is the first of a series of books which will deal with the entire program of social justice.

It is hoped that the possessor of this book will not con-tent himself with merely reading, but will acquire a fluent knowledge of the truths herein contained to the end that he will be able to instruct his fellow citizens on the money ques-tion. Needless to remark, it is not convenient for the public press either to explain or to uphold many of the teachings herein contained. Consequently, it is believed that this book will be of service to the misinformed and uninformed public.

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FOREWORD

Someone suggested to me that the proper title for this book should be "Your Money or Your Life!" Such a title is rather suggestive of Jesse James and of John Dillinger. Upon second thought, the title was discarded, not because it did not cryptically express the real substance of this book, but, rather, because the pages of this volume are dedicated to an earnest, class-roomish exposition of simple economic truths which are intimately concerned with the nature of money.

While the title of the book should be conservative, I readily confess that unless we American citizens recapture our sovereign right of coining and regulating the value of our money and of foreign coin (not permitting this Congressional function to be exercised by a few privately licensed individuals for their own profit) it is apparent that it is "your money or your life." It will be only a matter of years before the liberties identified with our democracy must be bartered for the privilege of eking out an existence under a political system of some kind of tyranny if we continue using the privately created money of those who do not work or produce to obtain money and who can manipulate the volume in existence.

In truth, it is either your money or your democratic life. It is either your money or your American standard of life. It is either your money or the Christian concept of life.

Centuries ago, long before printing and engraving were invented, our European forefathers employed gold and silver, impressed with the stamp of the sovereign government, as their circulating medium. It was their custom to deposit their surplus coins with a man who was ingenious enough to con-struct a strong room inaccessible to thieves. In return, the strong room keeper gave the depositors a slip of paper best described as a receipt which, on presentation, enabled the de-positor to take out his gold or silver on demand.

Many strong room keepers began doing business in the more populous centers of European countries. It was not long until they discovered that honest depositors (believing that the strong room keepers were as honest as themselves) did not call regularly for their gold, but preferred to transfer among themselves the slips of paper or the receipts. At least 90% of the gold and silver depositors adopted this practice.

Thus it was, taking advantage of this practice, that the strong room keepers began to issue more receipts for deposited gold than there was actual gold in their vaults. They prac' ticed a confidence game. They commercialized upon the credulity of their depositors.

For example: Some enterprising merchant, anxious to invest in a foreign cargo, required immediate money to trans-act his business. A strong room keeper, knowing that his real depositors likely would not be demanding their gold, loaned this enterprising merchant a handful of receipts which were really promises-to-pay in gold. The truth of it was, the strong room keeper did not have that much gold in his vaults. I repeat, he was commercializing upon the credulity of his real depositors and, at the same time, was thereby actually lending money which did not exist. There was no government stamp upon his receipts or his promises-to-pay.

This, gentle reader, (it were better, perchance, were I to call you "indignant reader") was the origin of the bankers' racket which was actually legalized towards the end of the Seventeenth Century. In 1694 A.D., King William of Eng' land passed a law in the British House of Parliament legalizing this practice which commercialized the credulity of honest men, by permitting the privately owned Bank of England to become the legalized counterfeiters of English money.

Times have not changed, nor has the practice of the banking fraternity. The Jesse Jameses and the John Dillingers who went about with sawed-off shot guns relieving citizens either of their hard-earned wealth or of their receipts for it, have been out-moded and outstripped by those who, in the process of the evolution of brigandry, have put aside the black mask in favor of the white carnation and the shot gun in preference for a purple fountain pen.

Brigandry, legal or illegal, must cease. The credulity of a civilized people must give way to intelligence. Paying inter-est on money not originated by our government, but originated by private individuals, must terminate. It is either your money or your life.

With a knowledge of the answers given to the following questions contained within this book, you and I will be in a position to recapture our sovereign right and bring to an end the social immorality from which we are suffering.

INTRODUCTION

At no time, in the history of the world has there been such potentialities for a plentitude of goods as in the present day. Especially we Americans are blessed with the most fertile fields, spacious forests and copious mines in all creation. There is no nation which boasts of so many learned scientists, engi' neers and able workmen as does ours.

Still, withal, there is want in the midst of plenty.

This want is present amongst us for no other reason than that we are victimized by a pernicious money system which prevents the law of supply and demand from functioning. Hungry mouths require food. Shivering populations crave clothing. Nevertheless, we witness the irrational spectacle of crops destroyed, of factories closed down because there is no money, no purchasing power in the hands of the people.

"What this country needs is a money engineer" said Henry Ford.

Better still, "first, what this country needs is an under' standing of money" says the National Union for Social Justice.

Believing that if our victimized and needlessly suffering people will learn the subject of money, which is not a difficult subject, they will be liberated from the shackles of economic slavery, the National Union presents this book for rational consideration. Then will follow a reasonable demand for instituting an honest money system based upon the theory of democracy and liberty.

While the National Union appreciates the splendid efforts which noble statesmen have made in the past to restore to Congress the power to coin money and regulate its value, there is also the realization that these efforts have been in vain because an uninformed and misinformed people have labored under the delusion that switching party politics instead of changing the money policies was the key to contentment and prosperity.

It is to be expected that certain texts divorced from their contexts in this book will be ridiculed, together with my per-son. But the principles and substantial historical data, to-gether with the substantial explanations herein contained, cannot be disproven.

I dedicate this book to Catholic, Protestant and Jew, to Democrat, Republican and Socialist, with the hope, not only of adding something to their knowledge, but of inspiring all to unite and strike for financial liberty.

Other books, more intellectual in content, have been presented to the American people on the subjects of wealth, money, prices, banking and foreign exchange. Other books, more worthy than this, have been printed with the hope of liberating the American people from the international bankers. Huge sums of money have been spent to take them from circulation. Is it a vain hope on my part that this widely circulated book shall meet a better fate?

BOOK I

MONEY AND BANKING

The Priest of the Radio

Through the interested assistance of "Dick" Richards, owner of Detroit's "Good Will" Radio Station, WJR, and the station's manager, Leo J. Fitzpatrick, an experimental broadcast by the young Royal Oak priest grew into a vast national radio forum. From one Sunday afternoon sermon which brought the priest five letters, the hook-up reached a peak of 68 radio stations in February of 1938, when it was estimated that Father Coughlin had spent 386 hours on the air.

CHAPTER I

THE CONSTITUTION AND MONEY

1. What is the Constitution of the United States?

   The Constitution of the United States is the fundamental written law, or Will of the People, setting forth the rules for both economic and social activities, as devised by the Founders of the United States and ratified by the citizens.

2. Why is our Constitution necessary?

   Because all men will not treat others as they would like to be treated themselves unless written rules are provided and violators of these rules are justly punished, when apprehended.

3. How does the Constitution of the United States protect all of the citizens?

   By establishing rules for the well-being of all of the citizens and to which all citizens must subscribe; by providing a definite code to protect and preserve the rights of individuals and of States; by setting up (1) a Congress or legislative body truly representative of all the people, (2) an executive body to carry out the provisions of the Constitution and of the Congress, and (3) a judicial body to interpret these laws and to judge whether or not they are in harmony with the Constitution.

4. Does the Constitution take rights away from the people?

   No. It protects their rights and provides for further enactments of laws to prevent any person destroying these rights.

5. Does the Constitution permit the legislative body, the executive body or the judicial body to surpass the juris diction bestowed upon them by the people?

   No. The activities of each of these bodies is limited by the Constitution, beyond which neither Congress nor the Chief Executive nor the Supreme Court may trespass.

6. Does the Constitution permit of amendment by the people?

   Yes. The Constitution contains within itself the pro' visions by which it may be amended.

7. If the people, through the Constitution, hand over to Congress, for example, any power over the people's sov ereign right, does Congress have the power to transfer this right, without specifications or limitations, to any group of private individuals?

   No. By the decisions of the Supreme Court, this is not permissible.

8. When analyzed by the brainiest men during the last 150 years, why has the Constitution been declared the greatest governing document ever struck off by the brain and pen of man?

   Because the wise statesmen who drafted the ConstitU' tion understood and recognized the fundamentals of human nature and wrote, in the most complete form in all history, simple and accurate rules for Government and social well-being in accordance with these rules.

9. Should all laws emanating from legislators recognize the fundamentals of human nature?

   Yes. Any code of laws contrary to human nature can not endure, because codes of laws are made for human nature; human nature is not made for any code of laws.

10. Has the progress of science and the growth of our country rendered the Constitution inadequate or out-moded?

No, because the fundamentals of human nature have not changed.

11. Therefore, are those who declare that the Constitution is out-moded or inadequate unintelligent?

    Yes, they are either unintelligent, or they are deliber-ately trying to deceive or mislead others.

12. Does the Constitution of the United States provide for the acquisition of material wealth by individual citizens?

    Yes. One of the natural motives for laboring is to seek and obtain those goods which are necessary for personal preservation and personal distinctions.

13. Are all men entitled to the same rewards and to the same amounts of personal wealth?

    While all men are entitled to equality of opportunities, all men are not entitled to the same rewards and to pos-sess the same amounts of personal wealth, for some work harder and more intelligently than others. Some are lazy and given to spend'thriftiness.

14. Do all men work at the same occupations and produce the same kind of wealth?

    No. Men are social beings, interdependent upon each other. One must till the soil; another must fell the trees; and still others must raise the sheep. Food, shelter and clothing—the essentials for material life—demand diversified activities.

15. How is personal, physical life sustained under diversified activities?

    By the exchanging of goods and services.

16. How is the exchange of goods and services accomplished?

    Through the medium of money, which was originated by social necessity to make possible exchanges of varieties of articles and articles of unequal value.

17. Since men must be able to secure, exchange and retain material goods and be able to obtain and retain goods ac cording to their honest and intelligent efforts, what means must the Constitution provide to these ends?

An honest money system.

18. Since an honest money system is necessary, did the Framers of the Constitution intend to provide for only part or all of the money necessary to effect exchanges?

Being learned men, if they were providing for only a part of money, they would have said so. Being just men, if they were providing an honest money system, they could not allow a privileged few the right to sub-stitute their private money for honest public money.

19. Would the Constitution have provided for an honest money system if a privileged few were to have the right to substi tute private money for money coined by Congress?

No. It would have violated the first rules of an honest and democratic system, if a few privileged individuals were granted the right to substitute private money for the nation's money.

20. What, therefore, are the money provisions of the Constitu tion of the United States?

Article I, Section 8, Part 5, reads: "Congress shall have the power to coin money and regulate the value thereof; and of foreign coin."
(It is obvious that the Framers of the Constitution and the people who adopted it were providing for all of the money, not only that originated in this country, but also for the regulation of foreign coins that might be brought into this country to be exchanged for dollars.)

21. Have the individual States the power to coin and regulate money?

No. The Constitution prohibits the States from exercising this power. (Article I, Sec. 10, Cl. 1).

22. Should we not, as good Americans, demand that our Congress enforce the money provisions of our Constitution?

Yes, but we must first understand the simple funda-mentals—the nature and function of money. We will then see the necessity of an honest money system just as did the Founders of this nation. Under-standing, we will demand that Congress exercise the money mandates of the Constitution, for without this we can not avoid chaos and enjoy the blessings of Order, Peace and Prosperity.

* * * * *

RECAPITULATION

1. Our Constitution is a just document.
2. It is founded on human nature.
3. Human nature is social.
4. The social aspect of human nature requires an exchange of goods.
5. The exchange of goods requires the use of money.
6. The Constitution provides that Congress shall coin and regulate all of the money.

CHAPTER II

WEALTH

1. What is wealth?

   Wealth consists of the things persons use to sustain and empower life or to produce the things which sustain life.

2. What are the common forms of wealth?

   Food, clothing, shelter, etc.—all things necessary for living.

3. Are there various species of wealth?

   Yes. There are material, intellectual and spiritual species of wealth.

4. Are we discussing all species of wealth?

   No, only the material. However, be it remarked that social morality, intellectual good and spiritual sanctity are tremendously affected if material wealth is need' lessly denied to citizens.

5. From what is this material wealth produced?

   From the natural resources of creation.

6. Does man produce this wealth?

   Only in a secondary sense. First, he must have the natural resources which he converts into forms convenient for human use.

7. What are the principal natural resources?

   Lands, minerals, air, water, forest, sunlight and atomic energy.

8. Can wealth be created out of nothing?

   No. It is a product of human activity expended upon the raw materials and the sources of everything in creation.

9. What is the purpose of all human activity and industry?

   To produce and distribute an ever'increasing volume of life-sustaining goods and services.

10. What are the two main classes of wealth produced?

    The first class consists of the things which man directly consumes or uses up in living. These are called "con' sumer goods" or perishable goods used and consumed in actually sustaining life; e. g. food, clothing, fuel, etc. The second class consists of capital or producer goods; e.g. a factory, freight car, or machine is wealth that is not consumed by human beings but helps to produce and distribute the things they consume in sustaining life.

11. Can wealth be consumed more than once?

    No. Food, when eaten; clothing, when worn; or fuel, when burned has been used up and cannot be consumed again. What remains is waste matter.

12. Are producer goods wealth already consumed?

    Yes, generally, in the sense that raw materials have been converted into specific pieces of machinery, build' ings, etc. They are useful as things into which they were converted, but they cannot be reconverted into the original raw materials without the expenditure of more work.

13. Do producer goods wear out and grow obsolete?

    Yes, and for that reason the owners of those producer goods should obtain a part of the new wealth produced, so long as those specific tools or implements of production are in efficient use.

14. What are the limitations to the production of consumer wealth at any given time?

    The natural resources, the plants and machinery in us-able condition, and the workers capable of directing and operating the necessary processes.

15. When producer goods wear out, what must be done?

    They must be replaced by constructing new producer goods out of available consumer goods. The consumer goods do not become producer goods until they are fabricated into permanent form; e.g. iron ore into a machine, sand into a concrete building.

16. When producer goods are idle, do all citizens suffer an economic loss? (e.g. an idle shoe factory)

    Yes, because these goods (the machinery) are not used to turn out the volume of consumer goods (shoes) for which they were built. When a smaller volume of consumer goods is produced, human beings have less of the necessities of life. The greatest loss is that of time passed in idleness, which can never be retrieved and of useless privation, which is destructive of well-being.

17. Are gold and silver consumer wealth?

    Only in the very limited sense of being worn as jewelry, fillings for teeth, and for decorative purposes.

18. Has the United States produced too much wealth?

    No. There are available volumes of authentic figures indicating that the production of all classes of wealth have been far short of the amount required to provide those willing and capable of working with the reasonable physical necessities to maintain a healthful life.

19. What percentage of our population is merely existing rather than enjoying the use of available and sufficient wealth to live in reasonable comfort?

    At least three-fourths of our total population.

RECAPITULATION

1. To sustain life, material wealth is necessary.
2. Material wealth consists of consumer wealth and producer wealth.
3. (a) Consumer wealth is used up by once using.
   (b) Producer wealth, while not sustaining life directly, is used to produce consumer wealth.
4. Consumer wealth produced to satisfy every human need is the object of human, economic activity.
5. Human economic activity has not produced too much wealth.

CHAPTER III

MONEY

1. What is money?

   A medium of exchange used as a reckoner or counter to avoid the direct exchange of goods for goods.

2. What is the function of money?

   To make easy the exchange of goods and services, so that when one parts with anything having exchange value without needing anything in return immediately, he can keep the money until he does. It is an evidence that he has contributed some goods or services which society wants, and is a demand on that society for an equal value of what he may require at any time the need arises.

3. Then what may be used as money?

   Money is anything commonly used and accepted as a medium of exchange. Money is the evidence that the possessor has parted with commodities or services and has not yet received its equivalent. Therefore, in the final analysis, money may be any object (paper, metal, beads) used as the receipt or acknowledgment of de-livery of goods or services having exchange value, as long as it is recognized as such by its users and those by whose sovereign power it was created.

4. Does one who possesses money own wealth?

   No. The possession of money is the evidence that the holder is owed wealth by the community.

5. Is one who holds money voluntarily abstaining from the ownership and use of wealth?

Yes, the owner of money is owed wealth. Money is accepted and held to suit the convenience of the pos-sessor, so long as he knows that he can exchange it for wealth when he wants wealth.

6. Is the substance of which money is made important?

No. It is the legal status given it by government stamp that makes it acceptable by all as money, whether it be made of metal (punch press money), or of paper (print-ing press money).

"Money is a value created by law, to be a scale of valuation and a valid tender for payments." (Cernuschi, Italian Economist, in "Numisma or Legal Tender").

"An article is determined to be money by reason of the performance by it of certain functions, without regard to its form or substance;" (American Cyclo-pedia, Vol. II, Page 735).

"Money has value only by law and not by nature." (From "Politics" by Aristotle).

7. Of what importance is the seal or imprint upon money?

It is the public seal or stamp imprinted upon the sub-stance that makes it money.

"The currency value is in the stamp, when used as money, and not in the use of the metal independent of the stamp. In other words, the money quality is the authority which makes it current and gives it power to accomplish the purpose for which it was created." (From "Government and Constitutional Law" by Judge Joel Tiffany, Page 221).

8. Can either paper or metal be used to receive the public seal or imprint and thereby become money?

Yes. With modern engraving processes that make imitation difficult, paper is more suitable than metal, because it is only the sovereign stamp or seal of the Government which can give it legal quality. All money is created under law.

9. Why were metals, such as gold or silver, ever used for money?

Because they were durable substances and could not be easily counterfeited, and because printing and engraving were not invented.

10. What seal or imprint should always be placed upon money?

That of the National Government.

The Attorney General of the United States, speaking of the Legal Tender Acts (12 Wallace, U.S. Supreme Court Reports, Page 319) says:

"This legislation assumes that, in contemplation of law, money of every species has the value which law fixes on it. . . . We repeat: Money is not a sub' stance hut an impression of legal authority, a printed legal decree."

11. Why should the seal of the National Government be the only seal or imprint allowed?

Because it is the sovereign stamp or seal of the Government which gives it legal quality.

"The Constitution was intended to frame a govern-ment, supreme in some particulars, over States and people. It was designed to provide the same currency, having a uniform legal value in all states." (12 Wal-lace Reports, Knox vs. Lee, et. al. and Parker vs. Davis, Statement by Justice Strong of the United States Supreme Court).

12. Under existing laws (February 1936), does our National Government originate our money?

No, only to a very limited extent.

13. Who does originate (create) our money?

Private corporations, commonly called banks, now ori-ginate practically all of our money.

14. Why have private individuals usurped and exercised the sovereign power of issuing our money?

    Because when that power is held and exercised by pri-vate individuals, they can and do control the entire economic, social and governmental system and derive enormous, illicit profits therefrom.

15. Why does the Constitution provide that the power to ori ginate money should be confined to the National Congress?

    Because the power to issue money and determine what volume shall be in use is the sovereign power. It is the greatest power inherent in any people who constitute a nation.

16. How do you get money?

    You get money for work performed or services rendered in producing and distributing wealth.

17. What functions does money perform for you?

    It bridges the time between the sale of your wealth or services, and the purchase of wealth as needed. It also enables you to exchange one thing for a number of things, or vice versa; it enables you to exchange your labor for a large number of articles, instead of forcing you to take, as your pay, a portion of your personal production. This ready divisibility of money into many small parts is one of the advantages of using money.

18. Where does this money originally come from?

    Money is man-made. It comes from whoever exercises the power to originate or create it.

19. Since money is man-made, is this not a case of the origina tor getting "something-for-nothing", which we are told is impossible?

    Yes; and those who create our money under the present Federal Reserve Banking system, for the trivial cost of bookkeeping entries or engraving paper, create out of nothing the money which they lend to us at interest.

20. Do these Federal Reserve Bankers, who sneer at the idea of getting something-for-nothing, know that this is pre cisely what happens under our present illicit money-creat ing system?

    Whether or not they do, the fact remains, that they use this very principle to accomplish the concentration of the ownership of wealth in the hands of a few and the impoverishment of the many. The success with which they have used this vicious principle indicates that their operations have not been haphazard, but deliberately and carefully planned.

21. Does their money, when it leaves the possession of the creators, buy wealth, just as your money buys wealth when you surrender it?

    Yes, because after they create it, they lend it to others to buy wealth.

22. Who should create money?

    The Government, representing all of the people.

23. In our country, what governing body should represent all of the people?

    The Congress of the United States.

24. Who, then, should originate all of our money?

    Congress.

25. How could the American people benefit by Congress alone originating money?

    Each would receive his proportionate benefit from the original purchasing power, for the Government would pay money into use in return for public goods and serv ices needed, and in performing the proper functions of government. e.g.: When $1,000 leaves the possession of the originator, it purchases $1,000 worth of wealth, just as the $1,000 you earned and saved will purchase an identical quantity of wealth when it leaves your possession.

26. Under our present private money-creating system, what do the bankers get for nothing?

They get interest on the money they create and lend, and title to people's properties by confiscation of prop' erties pledged, if the loans are not repaid at a specific time.

27. Does the Constitution of the United States provide that Congress should originate our money?

Yes. It is very specific and well defined: "Congress shall have the power to coin money and regulate the value thereof, and of foreign coin". Article I, Section 8, Part 5.

"Whatever power there is over the currency is vested in Congress. If that power to declare what is money is not in Congress, it is annihilated." (Justice Strong of the United States Supreme Court, Knox vs. Lee, 12 Wallace Reports).

28. Why did the Framers of the Constitution place the power to coin money and regulate the value thereof in the Con gress of the United States?

Because they understood the fundamental principles of government, and the blessings of an honest money system as against the curse of a dishonest one.

29. Can Congress delegate a power, reserved to it by the Con stitution as a public function, to be operated for private profit without specifications?

No, not without violating the Constitution of the United States.

30. Has Congress delegated for private profit and without specification the power to originate our money?

Yes, by the National Bank Act of 1863 and the Federal Reserve Act of 1913, as well as intermediary and subsequent enactments.

31. But, are these not laws, passed by Congress?

No.! They are violations of Constitutional law, passed by Congress just as were the AAA (Agricultural Adjustment Administration) and NRA (National Recovery Act).

32. Why does this violation continue?

Because every time a Franklin, a Jefferson, a Jackson, or a Lincoln, or any other honest public servant attempted to arouse the people to the fraud from which they suffer, the private money creators—international bankers—arose in their might and used their controlled press, their bootlick politicians, their office boy bankers, their docile clergymen, and their power over the prosperity of America, to smash the drive for economic freedom. Thus far, they have succeeded.

33. How can Congress regain its privilege of issuing our money?

There is no need to regain what it has not the right to surrender. It still has that right, and can, and should immediately resume its exercise of this most important constitutional command.

* * * * *

RECAPITULATION

1. Money is any paper or coin imprinted or impressed by the Government seal to be used as a medium of exchange.
2. The Government and not private individuals should create this money.
3. The present and unconstitutional creators of money now exercise this right, thereby lending their created money at interest, or at a profit. In this way they get something for nothing.
4. This "something-for-nothing" becomes the farm or the home or the factory if the citizen-borrower cannot repay the loan.

CHAPTER IV

THE ORIGIN OF OUR PRESENT MONEY

1. When an individual borrows money from a bank, does the banker lend him money that other private individuals have brought to the bank?

    No. That is what the bankers would like to have you believe, but it is not true.

2. What, then, do bankers lend?

    They lend "promises-to-pay" money. Until the passage of the Gold Bill of 1934 their audacity extended to the point of lending "promises-to-pay" up to 30 times the amount of gold they had in their vaults. (Federal Reserve Banks).

3. How do banks create money out of nothing by mere book keeping entries?

    By the following manufacturing process:

    John Jones, a business man, needs $10,000. He goes to the bank and explains the nature of the business he proposes to conduct. He takes to the bank certified figures indicating the value of his business, factory, farm, home, etc. If the banker is satisfied with the amount of real wealth to be pledged, he gives John Jones a note to sign. This note is a mortgage upon the wealth John Jones owns, and gives the banker legal power to confiscate the wealth, if John Jones does not pay at a specified time the number of dollars he is borrowing. The banker then manufactures the money on his ledgers.

4. How does he do this?

When the banker accepts John Jones' note, on the asset side of the ledger he writes:

	Assets	Liabilities
Loans and Discounts	$10,000	

On the liability side he writes:

	Assets	Liabilities
Deposits		$10,000

At that instant, there is $10,000 more money in exist' ence and available for use than before the banker made these entries.

5. What does John Jones do with this bookkeeping money?

He goes back to his factory with a bank book, not with actual currency, showing a deposit to his account of $10,000.

6. What is the exact nature of the item on bank balance sheets called "Deposits"?

The "Deposits" are actually and legally nothing but liabilities of the bank. They are the money the bank owes, not what it has. A bank deposit is actually a bank's promise, nothing more. Millions of Americans learned that to their sorrow during the past few years.

7. What can John Jones do with this newly created deposit?

He can and does write checks against this deposit to pay laborers, buy raw materials, and pay general over-head, incident to carrying on the manufacture and dis-tribution of wealth.

8. How is this possible?

Other banks are doing the same thing at the same time. A bank against which checks are drawn receives the proceeds of similarly manufactured deposits in other banks. Each bank receives checks drawn on other banks which offset those drawn against it. They all have to work together. If there were only one bank, the fraud would be soon discovered.

9. Is this process honest where John Jones pledges real wealth to secure the banker's fictitious bookkeeping money?

No, because it enables the banker to lend purchasing power (money) which costs him nothing but the general overhead of running a bank, and forces John Jones and all of the American people to pay interest for the existence of bankers' bookkeeping money, with which 95% of American business is transacted.

10. When the banker manufactured $10,000 and loaned it to John Jones, who began to write checks, exchanging that bookkeeping money for wealth and services, what hap pened to the price levels?

They were increased, because there was $10,000 more money in existence than there was" prior to John Jones' loan. This new money came into existence, however, without a corresponding increase in the volume of goods and services, thus decreasing the unit value of money already outstanding. The value of outstanding money went down, which meant that the price level went up, i. e., the same amount of goods would then command more money. This principle is well recognized by all economists.

For example, if there are only $10,000 in existence in the egg market and only 10,000 eggs to be had we will say that each egg is worth $1.00. Now supposing that there are $20,000 in existence in the egg market and still only 10,000 eggs to be had. Each egg becomes worth $2.00. It is the old law of supply and demand. The double amount of money represents the demand. But the same quantity of eggs represents the supply. The egg merchants desirous of getting as much as they possibly can per egg will exhaust the supply of egg money.

11. Do the banks manufacture money to lend to private citi zens only?

No. They also manufacture money to lend to the United States Government itself.

12. When the United States Government sells a billion dollars worth of new Government bonds, are those bonds bought with the savings of the citizens?

No, only to a very limited extent.

13. Then where does the money come from with which Gov ernment bonds are bought?

Let it be repeated, that the banks manufacture money to lend to the United States Government in the same manner as to private citizens. This astounding fact is not known and understood by the people, otherwise, they would not tolerate such gross injustices, for there' by the banks collect interest through taxation without having parted with anything.

14. What are the steps taken when the banks get Government bonds for nothing except the cost of making bookkeeping entries?

(a) The Secretary of the Treasury instructs the Bureau of Engraving to engrave United States Bonds.

(b) These United States bonds, which are a first mortgage on everyone's home, farm, business and income, are allocated to the local banks throughout the country. Each bank indicates how many bonds it wants. It will always ask for more than it hopes to get. Why not? This is a something-for-nothing proposition.

(c) When these bonds are received by the banker, he makes bookkeeping entries just as he does when he receives a mortgage on all of the wealth of John Jones, the business man. On the asset side of his ledger the banker writes:

	Assets	Liabilities
Government Bonds.. .	$1,000,000	(if amount he is to receive)

On the liability side of his ledger he writes:

Deposits (U. S. Government) $1,000,000

Uncle Sam then enters $1,000,000 on his check book record, and can write checks against that particular bank up to $1,000,000. The checks Uncle Sam writes and signs are money. He spends this money to pay government expenses. When new government bonds are taken into the banks in exchange for their book-keeping entries, new money is brought into existence. This is where the "over-subscriptions" come from, and not from the "investing public", as blandly stated by the controlled press. If you are reluctant to believe that this is the actual process now in use, we confirm this from no less an authority than the present Gover-nor of the Federal Reserve Board:

> "In purchasing offerings of Government bonds, the banking system as a whole creates new money, or bank deposits. When the banks buy a billion dollars of Government bonds as they are offered—and you have to consider the banking system as a whole, as a unit—the banks credit the deposit account of the Treasury with a billion dollars. They debit their Gov-ernment bond account a billion dollars, or they actually create by a bookkeeping entry, a billion dollars." (Hearings before a Subcommittee of the Committee on Banking and Currency, United States Senate (S. 1715), and House of Representatives (H.R.5357, page 399, Seventy-Fourth Congress, First Session— Banking Act of 1935).

15. If banks create money, why cannot every bank acquire unlimited amounts of interest-bearing loans and investments?

Because every time a local bank creates additional money, this money actually represents only the promises of the bank. The local banker knows that the inter-national banker controls the Central Banks, and the international banker can, and deliberately does, cause genuine depositors to lose "confidence". When they lose confidence and want their money, the local banker's insolvency becomes apparent. There is a point where prudence must balance greed.

16. What is a common name used for this bank-manufactured money?

    It is commonly called bank credit, or credit money.

17. Does it purchase wealth, and is it used for all transactions just the same as any other kind of money?

    Yes, it has been substituted for actual national money.

18. What percentage of our total business is carried on with this bank-manufactured, so-called credit-money?

    About 95%.

19. How is this credit-money transferred between individuals and banks?

    By the use of checks.

20. What are checks?

    A check is a written order upon a bank to transfer money from the account of one person to that of an-other, either on the books of that bank or to some other bank.

21. Do checks perform all the functions of money?

    Yes, they are used to transfer the commonly used form of money. For clarification, the testimony of the Governor of the Federal Reserve Board is given:

    > "When I say credit in this connection, I mean money, because by far the largest part of money in use by the people of this country is in the form of bank credit, or bank deposits." (Hearings on H.R.5357, page 181, Banking Act of 1935).

22. Under this system of banks manufacturing money and building deposits with the proceeds of loans to individuals or to the government, is it possible to have any of this money of account in existence without either private in-

dividuals or the government going into debt to the banks?

No, it is not. No money of this kind can exist without debts being incurred. The greater the debt, the greater the volume of money.

"Money is created in our present system by banks loaning to corporations, to individuals, and to the Government." (Governor of the Federal Reserve Board, in Hearings on H.R.5357, the Banking Act of 1935, page 399).

23. What are the basic fallacies of this system of money origination?

(a) This system forces every citizen to pay tribute (interest) to the bankers for the very existence of the necessary medium of exchange. We quote the following from expert testimony on Hearings before the Banking Act of 1935:

"Society has everything; the banks have nothing, and yet we go through this farce of borrowing money from the banks and creating the impression that it is inflation for society itself to issue the necessary me-dium of exchange with which to conduct the coun-try's business." (Hearings on H.R.5357, page 401).

(b) Since practically all of our money comes into existence as loans, it carries interest. Every person who uses money is thereby forced to pay an invisible tax to people who have done nothing to earn it. The fact that people are paid for their work in dollars instead of actual wealth makes them, as producers and consumers, carry this burden of invisible taxes. Today this is the biggest annual tax the American people pay, yet, few of them realize how they are being surreptitiously bled.

"Why should John Smith, carpenter, who has worked 8 hours for James Jones, home owner, have to pay tribute to Charles Allen, banker, for the privilege of receiving as pay, not physical goods from Jones, but purchasing power in the form of dollars.

"Yet that is exactly what happens, for practically every dollar which stands to Jones' credit at Allen's bank has been created by a loan from Allen's bank (or some other bank), to some one, and this dollar eventually found its way into Jones' bank account. "And any banker will verify this also, even if he has never thought of it in just this way or has never visualized the fact that under present law, money can not exist without somebody being charged interest upon it by certain highly privileged private entities called 'banks'. (Only a few hundred millions out of over 40 billions in the money stream today are non-interest bearing money.)"—From "Money Creators", page 150.

(c) When anything is loaned, it may be recalled. Therefore, the amount of money in existence is always subject to being cut down because bank' ers have only to call their bank loans and refuse to make new loans to force out of existence our necessary medium of exchange. As bank loans are called and money is cancelled out of existence, price levels drop. The immediate disas-trous effect of falling and distorted price levels is unemployment, stagnation and foreclosures of real wealth.

Since our money is loaned into existence and may be recalled, we have a collapsible money structure—an accordion money structure—that may be collapsed to suit the pleasure and caprices of Central Federal Reserve Bankers who have no responsibility toward society to keep a sufficient volume of money in existence to conduct busi' ness at honest price levels, and who harvest other persons' properties when they collapse prices. "In our past history we have had periods of pros-perity by the process of building up debt (bank de-posits), and then periods of depression by the process of bankruptcy and the extinction of debt (paying loans)." (Testimony on Hearings of H.R.5357, Banking Act of 1935, page 397).

24. When John Jones, the business man, is forced to pay his loan at the bank, what happens to the volume of money in the nation?

It is reduced by the number of dollars that John Jones pays.

25. What entries does the banker make upon his books?

When John Jones pays off his loan of $10,000, he writes a check for $10,000 on his checking account, making the check payable to the bank itself. This obviously reduces his "deposit" account by that sum. But it also reduces the bank's total deposits by the same sum. The instant the book entries are made, the money in this bank is reduced by $10,000. Jones also gets back his note and collateral, which reduces the sum which the bank had carried as "Assets". The actual transaction of paying off this loan reduces the amount of money in existence in the nation.

26. What happens when a large number of business men are forced to pay their loans?

A large volume of the necessary medium of exchange is extinguished, i.e., cancelled out of existence.

27. What is the direct result of this?

Falling and distorted price levels, unemployment, loss of incomes, foreclosures, and the resultant concentra-tion of ownership of wealth in the hands of a few.

28. What is currency?

Currency is the billfold money—$5, $10, and $20 bills, which people carry in their pockets.

29. About what percentage of our business is transacted with the use of currency?

Only about 5%. Currency is used merely for convenience to handle small transactions and to avoid the in-convenience of being identified when money is trans-ferred through the use of bank checks.

30. Where do the banks get currency?

This question is discussed in the following chapter entitled "The Federal Reserve System". For a full discussion of the kinds and origin of currency and tokens in use in the United States, the reader is referred to "Money Creators" by Gertrude M. Coogan, pages 151 to 161.

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RECAPITULATION

1. Money originates by private bankers making loans to individuals or to the Government.
2. The individuals and the Government pay a tribute of unearned interest to the private bankers for lending money into existence.
3. Money loaned into existence forces all persons who use money to pay an invisible tax on the existence of the necessary medium of exchange.
4. When the medium of exchange (money) is cancelled out of existence by the payment, or call, of loans, the volume of money is decreased.
5. When the volume of money is decreased price levels fall, wages are cut, homes are confiscated and the financial structure collapses.
6. When this collapse occurs, the bank'deposit-money and currency money—$5 and $10 bills—are not sufficient to conduct business.

CHAPTER V

THE FEDERAL RESERVE SYSTEM

1. Are the Federal Reserve Banks really Federal?

    They are not. The Federal Reserve Banks are private stock corporations owned entirely by other private corporations known as member banks. They are no more Federal than the Federal Bakery or Federal Laundry.

2. Does the United States Government own any of the stock or participate in the profits of the Federal Reserve system?

    It does not.

3. What is a Federal Reserve Bank?

    It is a Central Bank, the bankers' bank.

4. How many are there?

    The United States is divided into 12 regions or dis-tricts. Each district has a Central Bank called a Federal Reserve Bank. e.g. The Federal Reserve Bank of Chicago, The Federal Reserve Bank of New York, Dallas, St. Louis, etc.

5. What is a member bank of the Federal Reserve System?

    A member bank is the local bank with which you do business directly.

6. Who owns the Central Federal Reserve Bank in each dis trict?

    The member banks. Each member bank is required to purchase stock in the Central Bank of its own district to the extent of 6% of the amount of its capital stock outstanding. e.g. If a bank has $1,000,000 capital stock outstanding, it must buy $60,000 of the stock in the Central Federal Reserve Bank in its particular district.

7. What is the real purpose of the Federal Reserve (Cen tral) Banks?

   To permit a few private individuals to dictate to the local banks when they may increase the volume of money in existence, or when they must cut down the volume by increasing or decreasing their reserves.

8. Is the Federal Reserve System similar in purpose to the commonly called "great" Central Banks of Europe?

   Yes, individuals own and manipulate the privately owned Central Banks of Europe—the Bank of Eng' land, Bank of France, Bank of Italy and the Reichs' bank, which made slaves of the industrial workers of Europe and peasants of the farmers. (For a full dis-cussion see "Money Creators" by Gertrude M. Coo' gan.)

9. Can a local banker refuse to follow the dictates of the Federal Reserve Bankers?

   No. He must expand his loans, or call them in, as he is forced to do, regardless of what his own honest judgment may be.

10. Must all local banks become members of the Federal Reserve System?

    Yes. All National Banks must be members of the Federal Reserve System. Until recent years it was op-tional with State chartered banks, but since the ad-vent of R. F. C. loans, R. F. C. Preferred Stock, and the mis-named Federal Deposit Insurance Corporation, it is practically impossible for a State bank to remain outside the system.

11. Have the Federal Reserve Bankers means whereby they control the local banks?

Yes, the Central Bankers have means by which they can change the amount of reserves of the local banks on the books of the Central Federal Reserve Banks. These means are:

(a) Changing the size of the gold base by shipping gold from the country.

(b) Changing the rediscount rate.

(c) Open market operations.

(See a further explanation in the appendix.)

App. I Section 1. Each Federal Reserve Bank has a fractional amount in gold or gold certificates of the total amount of de-posits (reserves) of member banks on its books. Prior to the Banking Act of 1933, the law required each Federal Reserve Bank to keep in gold 35% of the amount of the reserves of the member banks.

12. When a local bank has created and loaned into existence all it can with its existing reserves, what happens?

Ah, we will now let you in on the principal part of the scheme. The local banker may take John Jones' note and borrow from the Federal Reserve Bank, using John Jones' note as collateral. The Federal Reserve Bank will add to the reserves of the member bank on the books of the Federal Reserve (Central) Bank the face value of John Jones' note, less the interest charged for the unexpired period. The rate charged (rediscount rate) is an arbitrary figure and is raised or lowered to suit the plans of the Central Banker. Let it be emphasized that when a Federal Reserve (Central) Bank makes a loan to a member bank on John Jones' and other business men's collateral, it does NOT lend actual money as a rule, but only lends its promises, just as the member bank lends its own prom' ises to the ordinary business man borrower. In other words, the Central Banks are bankers' banks, where bankers themselves borrow. Thus, the Federal Reserve (Central) Banks are convenient instruments for controlling local bankers. Federal Reserve (Central) Bankers have only to force local banks to pay up their loans, to bring about a collapse in the deposits created out of loans which business men are using for money. (See a further explanation in the Appendix I Section 2.)

13. Do the Central Federal Reserve Banks create money?

Yes, they likewise make bookkeeping entries with which to purchase government bonds from the mem' ber banks. When they "buy" paper from the local banks, they debit Federal Reserve Credit, and credit Deposits. In this case, the amounts are added to the accounts belonging to one of the member banks. (Re-serves of the member banks).

14. Why are the Federal Reserve Bankers called international bankers?

(1) Because they export gold from the country (2) because they manipulate international loans (3) be-cause they manipulate our government bonds.

15. Why are they all powerful?

Because they can force the local (member) banks to call their loans and cancel money out of existence, thereby bankrupting business men in every city and State.

16. Besides being able to control the total volume of Federal Reserve money, what other vast power is today exercised by the Federal Reserve Banks?

They can and do decide which business men may bor-row money from a member bank.

17. How do they do this?

They have the power to decide which business men's loans are acceptable by the Federal Reserve Bank, and can also dictate the rules and regulations to be en-forced by the bank examiners.

18. Why is it dangerous and unjust to allow a small group of men to dictate who may or may not borrow money?

Because they can force local banks to lend money ONLY to a few large corporations, thereby stifling and ruining small individual enterprises.

19. What are Federal Reserve Notes?

They are the camouflaged, privately-issued $5, $10, etc. bills which you carry in your billfold, and con-stitute practically all of the currency in use today. The very word "Note" means a promise. The Federal Re-serve Notes are promises to pay money. The National Bank Notes were also promises to pay money. Very seldom do we see any money marked honestly "Mon-ey", or so many dollars. The whole tricky system is built upon promises, and the lending of promises. This has resulted in the incredible situation in which the lender collects interest upon the money he owes. Small reason that such a contradictory system has been pro-tected with a smoke screen of faked mystery.

20. How do the member banks get Federal Reserve Notes?

The United States Government maintains a Bureau of Engraving at public expense. Member Banks ob-tain Federal Reserve Notes from their Federal Reserve Banks. The Federal Reserve Banks obtain Federal Reserve Notes by sending to the United States Treas-ury Government Bonds to the face value of the number of $5, $10, etc. bills desired. The United States Treasury places the government bonds in sealed containers on which is labeled the name of the bank from which the bonds came. The bank receives from the Bureau of Engraving Federal Reserve Notes to the full face value of the bonds sent to the United States Treasury. The local banks lend these Federal Reserve Notes to their customers as currency. While these Federal Reserve Notes are in circulation the bank which pledged the bonds, collects the interest coupons from the bonds sent to the United States Treasury as collateral for the Federal Reserve Notes. Let it be made clear that the banks obtain government bonds by merely making bookkeeping entries. They then use these same government bonds so "bought" to obtain Federal Reserve Notes from the United States Treasury. They collect interest on the bonds deposited with the United States Treasury but they pay no in-terest on the currency they receive from the United States Treasury.

21. Why does this dishonest practice endure?

Because the people do not understand what is going on.

22. What inscription is engraved on a Federal Reserve Note?

"The United States of America will pay to the bearer $5.00 on demand." This inscription is used to de-ceive the people, and is intended to mislead them into the belief that the United States Government orig' inates the Federal Reserve Notes. Federal Reserve Notes are carrying interest because the bonds "back of them" bear interest. The very fact that the statement "The United States of Amer-ica will pay to the bearer $5.00" is placed on the bill, is engraved admission that the power to issue money belongs only to the United States Government. This had to be placed on each bill to make the people ac-cept it as money.

"We have not only been deceived but we have been charged and made to pay the whole cost of maintain-ing the system with which they have done the de-ceiving . . .

"No one with an ounce of brains, unless filled with injustice, or a mere hireling, will defend such a prac-tice." (From "Why is Tour Country at War" by Charles A. Lindbergh, Sr. Pages 33 and 61.) (See a further explanation in Appendix I Sec. 3.)

23. Do the Federal Reserve Banks pay taxes?

"Federal reserve banks, including the capital stock and surplus therein, and the income derived therefrom shall be exempt from Federal, State, and local taxation, except taxes upon real estate." (Federal Re-serve Act, Section 7, Page 15).

Therefore, the Federal Reserve Banks pay no taxes on any business transactions, although they are private corporations like Ford Motor, United States Steel and the New York Central Railroad Company. The only tax they pay is the insignificant real estate tax, which is completely off-set by the palatial vault being built at Fort Knox, Kentucky by the Federal Government to house the privately controlled gold held by our Government for the Federal Reseve Banks. Of the $10-billions of gold in this country, only $435-million is now (Feb. 1936) in the full possession of the United States Government.

RECAPITULATION

1. Private corporations own the Federal Reserve Banks.
2. Federal Reserve Banks create money which they lend to to the member banks.
3. Member banks must deposit on the books of the Federal Reserve Bank as high as 13 % of their total demand deposits and 3 % of their total time deposits.
4. These deposits which belong to the member banks are called their reserves, and these are manipulated by the Federal Reserve Bank which thereby forces the member bank to call its loans and thus create depression.
5. Member banks receive their currency money from the Federal Reserve Banks.
6. Federal Reserve Banks obtained this currency from the United States Bureau of Engraving, at a cost of thirty dollars per thousand bills, the mere cost of engraving.
7. Thus the Federal Reserve Banks got the bonds for nothing. They use the bonds as the base against which to print currency, which, therefore, they get for nothing.

CHAPTER VI

DEBTS

1. What are debts?

   Debts are legal or moral contracts to pay specified numbers of dollars on indicated dates.

2. (a) Are debts physical realities?

   No, they represent mathematical quanties, and call for the payment of dollars and not specific amounts of wealth.

   (b) Were debts always contracted in terms of mathematical quantities?

   No. Formerly a person who borrowed a bushel of wheat contracted to pay back a bushel of wheat. Since the rise of modern capitalism a person who borrows a bushel of wheat promises to pay back not in bushels of wheat but in dollars or cents.

3. Do debts rot, deteriorate, or become obsolete in the phys ical sense as does wealth?

   No, debts are mathematical quantities and follow the laws of mathematics, not of physics. Hence debts increase in mathematical progression.

4. By what means do debts increase in mathematical progression?

   By the means of interest which, when it is due, is added to the principal of the dollar debt and thus permits debts to increase.

5. What is interest?

   Interest is a payment in dollars to a lender during the time that a debt remains unpaid. It is usually reckoned as a yearly percentage of the number of dollars owed.

6. Is a mortgage a mathematical form of debt?

   Yes. A mortgage is a legal instrument by which its holder may acquire title to property, if the terms under which dollars were loaned are not fully met.

7. Is a bond a mathematical form of debt?

   Yes. A bond is an interest'bearing debt certificate, calling for a definite number of dollars.

8. Are bonds and mortgages wealth?

   No. They are legal claims to confiscate wealth if the terms under which dollars were loaned are not met.

9. What can the holder of debts do with the interest re ceived?

   The interest received in dollars can be used to pur-chase wealth (food, clothing and shelter).

10. Are all bonds and mortgages genuine loans?

    Not necessarily. Because sometimes bonds or mort-gages are obtained through the creation of fictitious money.

11. What is a genuine loan?

    In making a genuine loan the lender advances real money which represents a transfer of real purchasing power. Thus, if "A" earns $1000 working at the pro-duction and distribution of wealth, he may exchange that $1000 for wealth, or he may abstain from using or possessing wealth and lend his $1000 to another. If he lends his $1000 so acquired, he is a party to the making of a genuine loan.

12. Is it moral to charge interest on loans?

    If the loans are fictitious, it is immoral. If the loans are genuine, it is moral provided these loans are made for productive purposes and at reasonable interest rates.

13. What is a loan for productive purposes?

If, when "B" borrows "A's" $1000, he uses that money to acquire some instrument of production (machinery, tools, buildings, etc.), he will possess producer goods which he can use to produce a new supply of wealth. With the dollars he receives for the wealth produced by this machine, he can pay interest to "A", which interest represents a partial share in the new wealth. If, during the life of the producer goods (machinery, building) "B" acquired, he uses a part of the proceeds from the sale of the wealth produced each year to repay the principal of the loan to "A", the entire debt may be wiped out before the producer goods are worn out or become obsolete.

14. Are genuine loans for productive purposes unsound?

No, so long as the interest charge is reasonable and the loan is repaid during the useful life of the asset acquired by "B" who borrowed the money.

15. Are genuine loans for non-productive purposes unsound?

Generally, yes, because Christian teaching does not permit a Christian to charge interest on an enterprise which, it is certain, produces no wealth.

16. Are genuine loans for destructive purposes unsound?

Yes, because it is not in harmony with Christian prin-ciples to destroy anything to begin with let alone to charge interest on the money used in causing the de-struction. e.g. War loans. Be it repeated, that inter-est may not be charged even on genuine loans unless these loans are for productive purposes.

17. When a genuine loan is made for productive purposes, is there an increase in purchasing power?

No, purchasing power is merely transferred from one individual to another.

18. When banks make fictitious loans, is there an increase in purchasing power?

    Yes, because banks do not make genuine loans, they merely create the money which they lend. When banks lend, there is no production and abstinence involved in order to lend. Let it be repeated that banks bring money into existence by making loans (debts).

19. What is the justification for interest on genuine produc tive loans?

    The use of the instrument which the borrower pur-chases with the money borrowed facilitates the pro-duction of more units of wealth. Therefore, the lender may honestly receive a reasonable share of the pro-ceeds from the new wealth thus produced when it is sold.

20. Is there a more equitable method of investing savings set aside to provide for the future than the method of lending?

    Yes, the money may be used to buy title to the whole, or part, of an industry, that is, the saver may become a direct owner of the instruments of production. e.g. Buildings, machinery, etc.

21. What is investing in direct ownership commonly called?

    It is commonly called acquiring title to property through buying a part ownership of the capital stock of a corporation.

22. What does capital stock of a corporation mean?

    Honestly defined, it means the number of dollars which the owners of the business have invested and which the corporation used to buy buildings, machinery, etc.

23. What does capitalization of a corporation mean?

    The number of dollars originally invested by the owners, plus the dollars that have been earned but have not been paid out to the owners. The dollars earned and not paid out constitute what is known as the surplus.

24. Does the surplus in a corporation's possession usually exist in the form of money?

    No, in most cases, it does not exist in the form of money. The earnings have been used to buy additional plants, machinery, etc.

25. What does over-capitalization mean?

    It can best be described by using the common term "watered stock", which is stock issued not in return for dollars received from the owners and honestly in-vested in plants and equipment, but capital stock issued without there having been an actual investment of the number of dollars stated on the stock certificate. It is dishonest

26. What are dividends?

    Dividends are cash payments made to the owners of capital stock. They should constitute a part of the profits (earnings) of the corporation. Dividends are the money return paid to the owners of a business.

27. Are profits and dividends on honest capitalization neces sary?

    Yes, those who save and invest in the ownership of the instruments of production are honestly entitled to a share in the new wealth produced with those in-struments.

28. How is capital stock "watered" and made to represent fictitious values?

    Largely by the banks in great metropolitan areas, such as New York, where banks manufacture money to lend to pool operators. These pool operators use this bank-manufactured money to boost the price of stocks higher than these stocks would sell on the basis of the properties owned by the corporations and the legitimate earnings derived from the proper use of the corporation's properties.

29. Then, is the arbitrary power of the banks to manufac ture and destroy money the primary cause of watered stock and dishonest dividends?

Yes.

30. Have we had a striking example in recent times of the banks manufacturing money to boost prices of stocks?

Yes, between 1923 and 1929 the banks loaned to pool operators between six and seven billion dollars. This gigantic sum was manufactured both in the large and small banks as loans to men whose business it is to manipulate stock prices.

31. What was the cause of the crash in the prices of stocks in 1929?

The same international financiers who directed the work of the pool operators, offered enormous volumes of stock "at the market". At the same time they saw to it that the banks that had been lending gigantic sums to pool operators—and the unsuspecting public—with-drew those sums. Between 1929 and 1932 the amount of money (brokers' loans) loaned to pool operators was cut down from nearly seven billion dollars to less than one billion dollars.

32. Why is investing in direct ownership more equitable and better for society than lending money and taking bonds or mortgages?

Money directly invested (in ownership) shares in the earnings as well as the risk. Money invested in owner-ship can be repaid with a share of the profits earned each year while the property is in use. When the property wears out or becomes obsolete, the investor has no legal claim, which he should not have.

33. Why should he not have further legal claim?

Because wealth can be consumed only once. When raw materials are converted into instruments of production, in a scientific sense, they are consumed, because they can be used only for the specific purpose for which they are built. The investor'owner should re-ceive his share of the new wealth produced each year while the instrument of production is serving society, but he should not be able to claim his original num-ber of dollars as well as his honest share in a part of the consumer wealth produced each year.

34. Does money invested in some bonds and mortgages act ually and legally entitle the owners of those bonds to re ceive a lion's share of the new wealth produced each year, as well as a return of his original dollars?

Yes, and for that reason such loans are unsound and physically impossible. If money is loaned to a corpo-ration, the payment received each year should repre-sent, partly, a share in the new wealth produced each year and, partly, a return of the dollars borrowed. Debts (mortgages or bonds) extending beyond the useful life of the assets acquired with the money bor-rowed, can never be honestly repaid. If such debts are repaid, it is at the expense and through the ex-ploitation of innocent members of society. (Labor).

35. Is widespread ownership of the instruments of production desirable for all classes of society?

Widespread ownership serves all classes to the best advantage. As producer goods (instruments of pro-duction) wear out, they must be replaced by construct-ing new producer goods out of available consumer goods. Consumer goods do not become producer goods until they are fabricated into permanent form and thus rendered unavailable for use in any other form. It is necessary that genuine savings be available each year for investment in new instruments of production. When the incomes of the masses of the people are not high enough to permit them to live and have savings for investment, new capital instruments can-not be constructed, and mass poverty is the result.

36. Can wealth be consumed more than once?

No, consumer wealth is used up in directly sustaining human life or is molded into an instrument of pro-duction. The only method by which a loan made to build this fixed wealth can be repaid, is with a part of the new consumer wealth produced each year through the use of this instrument of production.

37. Do men direct the processes of wealth production?

Yes, physical and mental labor are necessary in the direction of the productive processes. Consequently, those who are working are entitled to a share of the new wealth produced.

38. What happens when legal titles to consume wealth (bond coupons) claim too large a portion of the new wealth produced?

If such claims are satisfied, it is physically impossible to produce sufficient wealth to give the laborers the share to which they are entitled to maintain themselves in a condition to continue their work.

39. Are the laboring class in America suffering from this vice?

Yes. The stockholders and bondholders of corpora-tions are the first members of society protected. In order to make big profits and pay large dividends the laborers are paid the lowest possible wages on the basis of "while they work". Stockholders are paid dividends on an annual basis.

40. What is the first moral obligation of a corporation?

Its first moral obligation is to pay labor a just and living wage for its hire. Its second moral obligation is to pay bondholders and stockholders their interest and dividends.

41. Are wages, like bonds, stocks and mortgages, mathema tical debts?

Unfortunately, no, in the philosophy of modern capi-talism.

42. Should wage be paid on an annual basis for what the laborer produces and not measured by the hours he works?

Yes, according to Christian philosophy. The parable of the vineyard where the laborer who was called at the eleventh hour received as much as the laborer who was called at the first hour is ample substantiation.

43. Do we have a large number of fictitious loans in this country?

Yes, practically all of the United States Government bonds are purchased through fictitious loans made by the banks. Those who clip the coupons from these bonds get titles to consume wealth without having actually helped to produce it.

44. How do debts of mortgages and bonds increase?

Debts are mathematical quantities and so increase. A given debt will double, redouble and redouble toward infinity with the reinvestment of the interest over a given number of years, dependent upon the rate of interest received. The following story illustrates the operation of compound interest:

In 1340, King Edward III, of England, effected a loan of a sum equal to $12,000,000 from the famous Peruzzi banking house of Florence, Italy. After the close of his successful war with France, the bank presented its account for payment, but the King pleaded poverty, and asked an extension. Another demand was made with like result. Finally the King issued a proclamation repudiating the debt. The following is quoted from the "Banker and Investor" of November 15, 1901: "The Peruzzi family are still in existence and hold a respectable position in Italy. Ever since 1340 they have kept on dunning the Sovereigns of England for their money. Every 10 years, they forward a statement of their claim to the British government, but the latter shows no indication of paying it. The sum of $12,-000,000 borrowed by King Edward III would, at a moderate rate of interest, compounded annually since 1340, run into twenty-six figures. The proofs of King

Edward's indebtedness are in the tower of London." T w e n t y - six figures! $10,000,000,000,000,000,000,-000,000. Ten octillion dollars!

Here is a typical example of a fictitious loan made for destructive purposes. The amount of $12,000,000 is insignificant compared to the many, many billions which the American people spent to conduct the World War. In a few years from today these debts must be repudiated or else the children of this and the next generation will be reduced to peonage. If even one portion of the King Edward III debt were paid in real money today, the amount would purchase more wealth than all this world contains and enable every citizen of every nation in the world to live in princely fashion, provided some one (perhaps a fairy Godmother) could produce the wealth.

45. Who owns the major portion of our national debt today?

The Federal Reserve Banks and their members own at least $l7-billion of our public debt which bears interest at approximately 4%. This means $680-mil-lion yearly tax tribute (interest) must be paid by the taxpayers of the United States to these bankers who created out of nothing the money by which they acquired these debts.

46. Is this $17-billion free from taxation?

Yes, the bankers pay no taxation whatsoever on the bonds which represent these debts.

47. Who owns the remaining portion of our national debt?

Insurance companies, corporations, universities and private individuals.

48. Should there be tax-exempt bonds in existence?

Absolutely no. All who hold title or claim to wealth should be taxed equitably in proportion to the wealth to which they lay claim.

49. Are the names of these bondholders available?

Generally speaking, no. The Government protects the names of those who own our nation's debt.

50. Besides demanding dollars which are permitted to be com pounded as interest on loans, do the debt merchants fur ther increase the burden of their claims?

Yes, they manipulate the number of dollars in existence. When debts are paid in a slump, the dollars will buy more wealth than the dollars loaned in a boom. Since debts are payable not in wealth but in money, the debt merchants are able, by deliberate juggling, to outdo even the burdens of compound interest. That they understand these things well is attested by their success in achieving the vicious concentrations of wealth which our day witnesses.

51. What is the nature of War Bonds?

The War Bonds represent fictitious loans, the proceeds of which were spent for consumer goods destroyed a generation ago. Yet, the interest coupons are clipped and used to buy consumer wealth, or are reinvested to buy more debts. The result is that this generation is still paying because the United States was a party to fictitious loans to conduct the War.

52. Why are mortgages which represent fictitious loans, or loans made to purchase consumer goods vicious?

Because the owners of those mortgages can legally claim a share of the new wealth produced each year. If they have obtained mortgages through fictitious loans, they are getting something for nothing at the expense of the workers.

53. Do we confine loans and legitimate interest payments only to genuine loans made for productive purposes?

No, we permit fictitious loans, as well as allowing Na-tions, States, Cities, etc., to borrow gigantic sums to be spent for non-productive purposes.

54. Why do such practices lead us into economic and social misery?

Because they are unscientific and unchristian, and the interest on such loans over a very few years becomes

an unbearable burden which each oncoming generation
is unjustly forced to assume.

"I have said that everything is paid for in the genera-tion of the living or never. That means in a physical sense. It is the natural law, hut in conflict with it, banking has created an arbitrary law by which we con-tract 'paper debt', and agree to pay a premium that never has been and never can be earned, but is sim-ply extortion. That kind of a debt can be and has been heaped increasingly upon the people of each suc-ceeding generation. It was heaped upon us more heavily than upon any previous generation. Unless we revoke it, we will pass it on to the next generation as a still greater burden to it, unless the people then shall possess the good sense to equitably revoke it." (From "Why is Your Country at War" by Charles A. Lindbergh, Sr. Page 31.) * * * * * RECAPITULATION

1. In modern society debts are mathematical quantities, ob-ligating the borrower to pay principal and interest in dollars.
2. The borrower is legally obligated through a bond or a mortgage.
3. Holders of bonds and mortgages can legally claim a share of the new wealth produced each year.
4. Consumer wealth cannot be produced without the necessary instruments of production.
5. Instruments of production demand that just debts should be genuine and for productive purposes.
6. A genuine loan for productive purposes is legitimate and moral while a fictitious loan or even a genuine loan for non-productive purposes is illegitimate.
7. A sample of a non-productive debt is a war loan, commonly termed a war bond.
8. Interest on war bonds and all fictitious loans for non-productive purposes over a few years would require the payment of more dollars than could possibly be represented in real wealth in this world.

CHAPTER VII

PRICES

1. Do the words "values" and "prices" mean the same thing?

   No, they do not. A thing is valuable in proportion to its use in supplying man's necessities.

2. Do some very valuable things command no price?

   Yes. e.g. Sunlight and air.

3. Can the word "price" be used excepting in connection with money?

   No. The price of a thing means its exchangeability for money.

4. What is a dollar?

   A dollar is the unit used in the United States in designating the relative exchangeability of the numerous kinds of wealth.

5. What does exchangeability of money for wealth mean?

   It means how many bushels of wheat or of corn, how many eggs, how many pairs of shoes or pounds of but' ter, etc., can be traded for a given amount of money.

6. Do certain natural forces affect the supply of individual items of wealth that are exchangeable?

   Yes. Drought lessens the supply of wheat. Climatic conditions lessen the supply of eggs and butter. Fires and earthquakes lessen the supply of shoes and manufactured goods when factories are destroyed.

7. In these cases, is it logical to expect higher prices?

   Yes. Because the supply of these items of wealth is lessened in proportion to the ordinary demands.

8. Arc changes in the supplies of the items of wealth the only cause of changes in prices?

   No. Because, due to our illogical money system, we also suffer from a decrease or increase in the amount of money available for exchange purposes.

9. What causes the decrease or the increase in the volume of money?

   The arbitrary will of those who exercise the creation of money.

10. Since an increase or a decrease in the volume of money in existence is left to the arbitrary will of those who create it, can a dollar be the standard of value even though the supply of items of wealth is not changed?

    No. It is not the dollar, but what it will buy that constitutes its purchasing power. Too many dollars, or too many receipts for wealth, beget high prices. Too few dollars, or too few receipts for wealth, beget low prices.

11. Does the United States Government permit dry goods measures to change the number of inches in a yard?

    No.

12. Does the United States Government permit the debt mer chants or private coiners of money to change the number of pennies required to buy a dozen of eggs or a pair of shoes?

    Yes. Therefore, the present dollar is not the yardstick of value.

13. Is it logical or sound to state that there should be fixed prices?

    No, it is not, because nature fluctuates the supplies. But if the supply is normal, price indices should not fluctuate widely and would no so fluctuate if the money supply were kept adequate and were not manipulated.

14. Is it sound economics for wheat to sell at $1.50 a bushel one year and $1.00 a bushel the following year without there having been any material change in the supply or the demand for wheat?

No. One hundred pennies in the dollar should pur-chase about the same amount of wheat every year, provided the actual supply and need for wheat remain about the same.

15. Have we experienced a wide fluctuation in the purchasing power of the dollar even when the actual supply and de mand of useful commodities remained about the same?

Yes. Because the manipulators of money either with-drew or added to the supply of money in existence with no regard to the supply of wealth in existence.

16. What is the test as to the honesty of the amount of money in use in a nation?

It is the constancy of the amount of money required to buy definite amounts of a specified variety of wealth. The amount of money required to purchase a given amount of wealth (the necessities of life) should re-main about the same. An artificial decrease in the supply of wealth must never be permitted, neither should an artificial increase or decrease in the amount of money and its ratio to the wealth to be exchanged be permitted.

17. Is it sound economy to raise prices by destroying wealth?

No. It is unsound, unchristian and illogical because money is not wealth. It is not permissible to create scar' city in order to raise the exchangeability of wealth for money.

18. If prices need changing, how should that be accomplished?

Not by destroying wealth, but by changing the amount of money in existence. Money is a man'made instru-ment, the quantity of which can be controlled by man at any time. But wealth is not purely man'made. It is produced only through man's proper use of God-given natural resources.

19. Why do unsound economists practice the philosophy of destruction in order to raise prices?

To increase the burden of the fictitious debts owed by society to those who own debts, indifferent to the pres-ent prosperity of society itself. This unsound practice is so radical that it will result, if carried on, in the destruc-tion of Christian society itself.

20. What are raw material prices?

Raw material prices are the indicators of the number of dollars for which a variety of commodities in their first raw state will exchange for money. Such commodities are wheat, corn, hogs, iron, oil, etc.

21. Are most raw materials consumed by human beings in that state?

No, they are processed into a more useful form. This processing is called manufacturing.

22. How is the selling price of the manufactured article ap portioned?

It is apportioned among raw material producers, la-borers, /tax collectors, interest coupon holders and owners of the plants and equipment used.

23. Why is a fair and honest division of the money derived from the sale of all finished wealth necessary?

Because each class of producers can consume only in accordance with the dollars received. E.g. the farmer, the miller, the baker, the restaurant keeper. If a pro-ducer does not receive adequate dollars for helping to produce a dinner or an automobile, he cannot buy a dinner or an automobile.

24. What is meant by honest raw material prices?

Prices which are in fair proportion to the prices of manufactured goods.

25. Why is it necessary to have honest raw material prices?

Because large parts of our total population are engaged in the direct production of raw materials. When they do not receive sufficient dollars in exchange for their wealth, they cannot be purchasers and consumers of finished manufactured wealth.

26. When farmers cannot buy city manufactured goods in large volume, what happens?

The city plants, factories, and transportation systems must operate well below capacity. Hence, they cannot employ full staffs, and those laid off, together with those reduced to part time work, are deprived of an outlet for their labor and their wages, which, in the final analysis, they exchange for farm products. This, in turn, speeds up the downward spiral of a depression by reducing the sale of farm products and the volume of factory goods which farmers can buy.

27. Do high raw material prices increase the cost of living?

No. Because the bare cost of the raw materials, in most factory products, is a mere fraction of the final price to the consumer.

28. How do high prices for raw materials lower the cost of living in the cities?

By giving the producers of raw materials (farmers, etc.) more money with which to buy the output of city factories. When city factories can operate at volume, they can employ full staffs, which increases the mass purchasing power. Full volume lowers the per unit costs of production because certain fixed costs, such as taxes, interest and depreciation, can then be charged to a much larger number of units, hence, reducing those costs per unit.

29. Then, does it follow that sufficiently high raw material prices lower the cost of living?

Yes, because farmers and raw material producers (totaling in America today about 55 million people) constitute our broad market for city manufactured goods. A broad market is a distinct advantage because volume production and distribution cut down the per unit cost of all the fixed charges attached to the production of all forms of manufactured wealth.

30. Are raw material producers, such as farmers, obtaining a just price in proportion to the price of the manufactured wealth, e.g., flour and bread; wool and suits?

    No, they are not. Because the distribution costs of selling and delivering bread or suits and other manu-factured items of wealth are out of proportion to what the raw material producer receives. The distribution cost is too high.

31. What is meant by distribution costs?

    The costs paid for handling, merchandising and trans-porting wealth to the consumer.

32. Why are distribution costs extremely high in the United States?

    Because of the restricted volume of raw material pro-duction, as well as manufacturing (processing) of new wealth. Transportation and overhead costs per unit also decrease as the volume increases.

33. What injury do high distribution costs work on the middle and working classes?

    They raise the cost of living and reduce employment. Chiefly because they prevent 55 million citizens engaged in raw material production, who suffer from low prices, from purchasing the high cost manufactured items of wealth.

34. What are the serious effects of restricted production and high distribution costs?

    Unemployment and poverty are the direct results, be-cause producers and distributors cannot pay full staffs to turn out or distribute only one-half (or, perhaps, less) units of wealth than factories, transportation sys-terns and merchandising facilities are equipped to pro-duce and distribute. This is so, be it repeated, be-cause 55 million citizens are practically out of the market.

35. Can price levels be arbitrarily increased or decreased?

Yes, and during the last 15 years in particular—from 1920 down to date—raw material price levels have been deliberately manipulated and kept so low that the farmer has been forced to sell his newly produced wealth for less dollars than it cost him to produce. (See "Money Creators", Pages 60-63, for a Congres-sional account of a secret bankers' meeting held on May 18, 1920 in Washington, D. C. This meeting was held for the cruel purpose of making plans and issuing or-ders to ruin the farmers by collapsing the price of all agricultural products. The Government document No. 310, Sixty-Seventh Congress, Fourth Session, is in the possession of the National Union for Social Justice. No other copies are available from the Government).

36. What causes general average price levels to rise or fall?

Increases or decreases in the volume of money in exist-ence without a similar increase or decrease in the vol-ume of wealth in existence.

37. If prices are tcr remain steady at the price leved desired, what is necessary?

Proportional increases in the volume of money as the rate of production of units of wealth has been in-creased. Increases in the quantity of money without proportional increases in the rate of wealth production do increase prices. It is necessary to restore to Con-gress its right to coin and regulate the value of money. To regulate money means to increase the volume of money to meet the needs of society. We must cease permitting private individuals to destroy wealth in or-der to preserve their own fictitious debt claims. Thus, it is a case of saving either the debt owners of the nation or the nation itself.

38. Does this issuance of money by the Government mean that credit money, so-called, will be abandoned?

It means that the banks no longer can create credit out of nothing and lend this fictitious money to a manu-facturer or farmer or merchant. It means that real Government money will have actually been issued to exchange the real wealth produced. It means that, if a merchant wishes to borrow money from a bank, he will borrow actual money already in the bank which was placed there by legitimate depositors. It means that the borrower will have given ample security for the loan. It means that he can spend his loan through the medium of checks. It means that when he issues a check to John Jones the bank must make an actual transfer of real money from the check writer to John Jones. It means the end of the banks creating money and lending it at interest. The money, henceforth, which a bank will lend at interest will be genuine money.

39. Why are bankers as a rule opposed to the existence of genuine money and prefer the existence of so-called credit money?

If bankers are compelled to lend genuine money they are merely acting as agents for some real depositors and thereby are profiting only insofar as they are han-dling genuine money to the extent of the total amount of genuine money deposited with them. If bankers are privileged to lend credit money it means that they are not lending, as a rule, depositors' genuine money but are lending ten or fifteen or twenty times the amount of genuine deposits. They create credit money or fictitious money by a flourish of the fountain pen. Thus instead of lending only actually, for example, a million dollars of total deposits at 3% with the return of $30,000 profit the bankers are lending under the credit money racket, for example $20-million, $19-mil-lions of which is fiction. In this latter case their profit would be approximately $600,000. Therefore, bankers are opposed to honest money and to honest lending because of the difference of profits which in the case above would amount to approxi-mately $570,000.

40. But why should citizens be opposed to bankers making this extra profit?

Because this extra $570,000 must be taken out of the sweat of the laborer. It is a social injustice which per-mits privileged classes to reap where they did not sow.

41. What is credit money?

Credit money admits of two definitions—the bankers' definition which is a perversion and the real definition. Bankers' credit is fictitious loans which never existed in real money. It is nothing more than a bookkeep-ing gesture, the raw materials are a promissory note, a bottle of ink and a pen. Really bankers' credit is not money. Real credit is a genuine loan of real money whereby the borrower, through the use of a check book may withdraw the real money in parts. Real credit is a deferred payment for actual wealth received such as you obtain when you can buy from a grocery store, but defer paying the grocer until the following Saturday night. In a banker's credit there is no real wealth surrendered. He merely extends to the borrower the privilege of writing checks which are not classified as rubber be-cause the banker creates money to honor checks up to a given sum. The banker will not give the borrower credit unless the borrower pledges real wealth as security. The credit which the banker gives the borrower is not wealth. When real credit is extended the lender surrenders actual wealth, for example, a grocer, who depends upon the honesty of the borrower to repay his debt.

42. How can we determine the amount of genuine money necessary to meet the needs of society?

By obtaining, filing and keeping up to date the accurate indices of raw materials of finished goods and of the cost of living. These indices can be kept by the Congressional Board of Money whose business it will be not only to coin money but also to regulate the volume according to these indices and not according to the confiscation plans of Internationalists who can force cancellation of the money created by the private manu-facturers of money.

* * * * *

RECAPITULATION

1. Wealth is exchanged at a price.
2. Prices are expressed in dollars.
3. Dollars, despite the fact that wealth volume may not fluc-tuate, do fluctuate.
4. The fluctuation is caused by the manipulation of the volume of money on the part of the private creators of money.
5. The private creators of money suggest restriction of wealth.
6. The restriction of wealth is practiced to protect the debt merchants who are demanding payment for their ficti-tious loans.
7. The fictitious bank loans, therefore, are the prime cause of the permanency of depression.
8. The depression cannot be destroyed until money is hon-estly issued and regulated.
9. The regulation of money demands that sufficient interest-free money be paid into use or put into permanent cir-culation to establish and maintain a fair purchasing power for the raw material producers.
10. If the raw material producers have not sufficient money to purchase manufacturers' goods, depression falls upon all laborers.
11. Therefore, we are confronted with either saving the inter-national debt merchants' racket or the nation itself.

CHAPTER VIII

TAXATION

1. Under the Constitution of the United States, who has the power to tax the citizen?

    The Government through its legally authorized taxing bodies.

2. What body of the National Government has the sole power to tax?

    The Congress of the United States.

3. Do private individuals now exercise the taxing power?

    Yes. Privately owned banks now exercise the highest taxing power of the National Government, when they originate and lend into existence our medium of ex-change.

    These private corporations force the citizens to pay an invisible tax on the money in existence, because money can only come into existence as a loan made by some bank to private corporations, individuals or the govern-ment. This invisible tax of which most people are not aware, is borne by every person who uses money in daily transactions, whether or not he ever borrowed a dollar. We Americans today pay over two billion dollars annually because we meekly allow certain priv-ileged individuals the illicit power to originate money.

4. Besides the invisible taxes paid, what is the other effect of privately created bank-credit money?

    Banks alter the price levels, thereby altering the pur-chasing power of all who possess money or who are paid their wages and incomes in money. Banks there-by cause a confiscation of the property of others.

When price levels are altered downward and fictitious loans cannot be repaid, banks legally, though uncon-stitutionally, confiscate real property. This is exercis-ing taxing power to the point of confiscation. Besides collecting an illicit annual revenue and con-fiscating wealth in "depressions", private individuals also, in effect, tax business men, because they are able to grant or withhold loans, thereby preventing smaller business men from fairly competing with larger and especially favored corporations.

5. Why is the power to issue money the highest power of government?

Because it is the sovereign power, and, if not properly exercised, denies the citizens the right to earn a living and honestly acquire ownership of private property. "The need for exchanging goods and service has made the use of money absolutely essential for life and hap' piness. No business, in fact, no social activity on the part of anyone, is possible without the aid of money. Our government has legalized the use of money in payment of debts of every description, including government rates and taxes, and yet our government has not taken the trouble to ascertain whether the supply of money is adequate to meet the demand. All this has been left to the discretion and to the interests of the Bankers." (From "The Bankers Versus the People" by Arthur Kitson.)

6. Is this sovereign power even today recognized by the pri vate corporations called banks?

Yes. The privately issued Federal Reserve Notes, which were not made legal tender until very recently, 1934, always had and now have engraved thereon "The United States of America will pay to the bearer on de-mand ten dollars". The private money originators permit the Government to mint the token money, (5c, 10c, 25c and 50c pieces). This money bears the inscription of the United States Government. The amount in relation to the total supply of money is very inconsequential, and the fact that it bears the seal of the United States Government leads uninformed people to believe that all of the money is originated and issued by the United States Government.

7. When this sovereign power is surrendered to private cor porations, do they become the government?

Yes, and the annual revenues derived make it possible and profitable for those private corporations to spend millions annually to control all political parties, subsidize the universities and our so-called "free" press, and all avenues of information on which the people depend for the information.

Here are the words of the founder of the International Banking House of Rothschild, who was also the father of the Gold Standard:

> "Permit me to issue and control the money of a nation, and I care not who make its laws".

—Meyer Amschel Rothschild.

8. Who are the world's real rulers?

The controllers of Finance have the power to withdraw large volumes of Credit money from use and bring prices to such low levels that they can secure for themselves partically the whole wealth of the nation. No less a person than the Managing Director of the Royal Dutch Oil Company, Sir Henri Deterding, in an article in the "Daily Telegraph" (London) for May 12th, 1934, confirmed the truth of the following statement which had appeared in a newspaper:

> "If we ever get out of the present crisis, then four per cent of the population will have eighty per cent of all the wealth." (From "The Bankers Versus the People" by Arthur Kitson.)

* * * * *

RECAPITULATION

1. Only the Government has the power to tax.
2. In our day, the questionable right to tax is exercised by the Federal Reserve Banks.
3. These banks tax by lending money into existence at a rate of interest and by confiscating wealth when they arbitrarily destroy money.
4. To do this is usurping the Sovereign power which should be retained by the Government.
5. The Government should pay money into existence interest free (tax free).

CHAPTER IX

PRIVATE PROPERTY

1. What is capital?

   Capital is property employed in or available for use in producing wealth. It is things useful in providing man with what he needs to live. In its correct sense it is not money.

2. Do fundamental, Christian, moral, ethical and philosophi cal principles harmonize with private ownership of prop erty employed in or available for use in producing wealth?

   Yes. Private ownership of honestly acquired property, employed in production is in full harmony with Chris-tian principles.

3. Does capitalism mean the right to own private property?

   Not necessarily, although from common usage people believe that capitalism means only one thing, namely, the right to own private property. There have been other systems in harmony with Christian principles, all of which provided for private ownership of honestly acquired property. The right to own private property is founded upon basic human nature.

4. What is capitalism?

   In its strict sense, it may be defined as a system by which one generation can borrow at interest for pro-ductive purposes, thereby contracting debts to be paid by succeeding generations. In its honest, practical application, capitalism should permit borrowing at in-terest only for poductive puposes and borrowing only genuine savings.

5. Does capitalism, in its concept, include the right to private property?

   Yes. Capitalism does include the right to private prop-erty.

6. Is capitalism, as we find it in operation today, in perfect harmony with Christian, moral, ethical and philosophical principles?

   Emphatically, no. Masquerading under the title of capitalism, modern capitalism is notorious for the fol-lowing errors which are contrary to human nature and to good government.

   1. Modern capitalism borrows money at interest for non-productive and destructive purposes.
   2. Modern capitalism, while professing in the belief in private ownership, concentrates the wealth in the hands of a few and deprives the mass of private individuals from owning the tools of pro-duction.
   3. Modern capitalism professes to believe in the private coinage and regulation of money.
   4. Modern capitalism operates for a profit, paying the few owners of industries their annual dividends and paying the laborer engaged in industry on the basis of "while-you-work".

7. Do communism or extreme socialism uphold the right to private property?

   No. The very names imply that all the wealth within the state be owned by the state.

8. Does social justice imply that its followers adhere to the doctrine of modern capitalism?

   No. In the four above mentioned errors of modern capitalism, social justice is opposed to this economic system.

9. Is the doctrine of private ownership of property and the instruments and tools of production preached by Christian authorities?

St. Thomas of Aquin is recognized as a foremost Christian authority. Here are his words:

"It is lawful for a man to hold private property; and it is necessary for the carrying on of human life."

10. What reasons are given by St. Thomas why private ownership is necessary for a happy human life?

(a) "Only if private ownership be allowed will there be sufficient incentive for man to work properly.

(b) "Under private ownership there will be better order in life. Order can exist only when there is a place for everything, and everything is in its right place. Order can exist in life only when everything has its acknowledged owner and every owner possesses what is his own. When a thing does not rightfully belong to any single owner, when things belong to all, then St. Thomas, following Aristotle, visualizes a generally disorderly scramble for things and a resultant social chaos.

(c) "Under private ownership alone will there be social peace. There can be no social peace where there is confusion and disorder. Man is content only with what he can call his own. If he can call nothing his own, he will be dissatisfied and restless.

"The whole argument for right of ownership of material goods gets its basic value from the fact that material goods are indispensible to man. The latter cannot be happy without them, conditions on this earth being as they are." St. Thomas says this very explicitly. (From "St. Thomas and Today"—Comments on the Economic Views of Aquinas, by Dom Virgil Michel, O.S.B., Ph.D. Wanderer Printing Company, St. Paul, Minn.)

All three reasons given by St. Thomas for the justification of private ownership of property and goods are rooted in an understanding of the very nature of man.

11. Do Christian morality and ethics sanction the dishonest acquisition of private property?

No, they sanction private ownership of honestly earned or inherited titles to property and goods.

12. Does private control over the creation and destruction of money enable some to acquire ownership of property and titles to consume wealth through dishonest and immoral practices?

Yes, and true Christian leaders are faced with the moral duty of attacking our present system of private money creation and cancellation as unscientific, dishonest, un-moral and unconstitutional. The principles and prac-tices now enforced have been the direct cause of the concentration of ownership of property in the hands of a few. Since property has become concentrated, the power in the hands of a few is so great that they are able to deny to other men the very right to live.

" 'For imperfect happiness, such as can be attained in this life, external goods are necessary; not as being of the essence of happiness, but as serving as instru-ments toward this happiness, which consists in a vir-tuous life . . . For in this life man needs the things required by the body both for the pursuit of con-templative virtue, and for that of active virtue'." (Summa Theologica, I-II, 2.4, a.7). " 'For the good life of any man two things are needed; One, primary, is that of virtuous conduct (for virtue is the means of good life); the other, secon-dary and as it were instrumental, is a sufficiency of corporeal goods, such as is necessary for a virtuous life'." (De Reb. Pr. I, C.15).

He often emphasized the fact that material goods are necessary for man. In regard to this necessity he made a clear distinction.

'With regard to external goods', he says, 'we can call something necessary from two standpoints. First, that without which it is impossible for anyone to live. Secondly, something is said to be necessary for us, if we need it for an honest living, or for living decently according to our state'. (In IV. Sent. Dist. XV. 22, a.4).

"The right to existence naturally means the right to an existence that is fit and proper for human beings. In regard to the body it means, first of all, the right to adequate physical nourishment and living conditions. All men have an equal right to these, for without them it is impossible to live their lives properly on a human level." (From "St. Thomas and Today" —Comments on the Economic Views of Aquinas, by Dom Virgil Michel, O.S.B., Ph.D.)

It is evident, from a Christian viewpoint, that human rights take precedence over illicit financial rights, especially when financiers create, constrict and destroy the money required for the purchase of wealth.

13. What kind of capitalism did Karl Marx attack?

Karl Marx, whom the socialists and communists deify, attacked only the capitalism of private property owner-ship.

14. Did Karl Marx ever attack private money creation privi leges and international bankers?

No, his whole system proposed not the abolition of illicit private money creation and destruction powers, but its consolidation under a system of complete eco-nomic, political and religious domination of the entire world by a few internationalists.

15. Have any American statesmen warned against the vicious schemes of internationalists and the ultimate effects of their accordian money systems?

"There is a sinister influence at work in our country, which if it is not checked, intends to completely un-dermine the original purpose of the formation of our

Government—change it from the purposes of a de-mocracy, and, instead, make of it a monarchial and plutocratic system, which for purposes of deception of the plain people, they would call a 'world's de-mocracy," but which in fact it is their plan to make the rule of the wealth grabbers, maintained by simple organization of themselves and disorganization of the masses, pitting the masses against each other. It would be the privilege of a few to rule in splendor, and the fate of the many to spend their lives in unrequited toil and that hopeless condition of servitude which millions came here to escape from. The few now de-sire to cut off every possible avenue of escape from industrial slavery for the masses." (From the Con-gressional Record—A speech given by Charles A. Lindbergh, Sr., on July 5, 1916).

16. Is democracy a farce when a few privileged individuals exercise the highest power inherent in any government—the right to supply the people with an adequate medium of exchange?

"Democracy so far has but seized the shadow and has yet to grasp the substance of sovereignty. Its first step must be to end the conspiracy of silence in its organs of publicity and instruction concerning the one power of government which underlies and controls all effective political action, and to insist upon its monetary system being as public and open to critv cism and conscious alteration as its political system." (From "Wealth, Virtual Wealth and Debt" By Fred-erick Soddy.)

17. Why is widespread ownership of property and the instru ments of production necessary?

The owners of fixed capital have legal claims to a share of the new wealth produced each year. If those claims go to a very few individuals, the concentration of income prevents full employment and the proper operation of our economic system.

18. Is concentration of the ownership of property in the hands of a few inevitable?

    No.

19. Why does it occur?

    Because a collapsible money system makes it possible and easy for a privileged few to shake the many loose from their properties every few years.

20. Do all people have equal opportunity under our present money system?

    No, they do not.

    "They say to us that we all have an equal opportu-nity, and that it is our fault that we do not become rich. They seek, however, in every way possible, to prevent us from taking the only opportunity we have to all become successful for they know that if we did, it would end their exploits." (From "Why is Tour Country at War" by Charles A. Lindbergh, Sr. in a speech urging the passage of a bill to provide an honest money system.)

21. Is modern capitalism sound, Christian and constitutional?

    Modern capitalism, while pretending to rest solely up-on the doctrine of honestly acquired private property and upon the theory of lending money for productive purposes, is neither sound, Christian nor constitutional.

22. Why is such a statement made?

    Because it is opposed to private property as it concentrates all property in the hands of a few. Because it is opposed to lending money for productive purposes as it practices the policy of lending money for destructive purposes. Because, finally, it does not lend real money but only a fictitious money created by purple fountain pens as it exacts payment in good hard earned dollars. It reaps where it did not sow. It seeks what is not its own. It exacts profits for owners of industry and generally pays less than a living wage for the laborers of industry.

23. Is modern capitalism radical?

Whatever is unnatural and unsound is radical. Modern capitalism is unnatural because it is unjust. It is un-sound because it cannot produce and maintain pros-perity. It is on a level with modern communism which, likewise, seeks what is not its own and teaches that the citizen exists for the State while modem capi-talism teaches that the citizen exists for the banker plutocrats.

24. Do modern capitalists claim to be sound?

Yes, some through ignorance, some through malice rigorously oppose the rectification of a broken down money system and call all those unsound and radical, as do the communists, who oppose them.

25. Why is it that the modern newspaper (free press) upholds modern capitalists?

Because the modern newspaper, in many instances, is owned or controlled by the banker or the banker dominated advertiser who insists that the editorial matter in a modem newspaper does not militate against the interests of the modern capitalist.

26. Is the late Charles A. Lindbergh, Sr. correct in identifying modern capitalism with modern communism?

Yes, because in the dream of a world democracy the international banker, who is endeavoring to control the world through the fiction of his gold standard, is now anxious to destroy all parliaments and congresses in order to retain his ill-gotten supremacy. It is a matter of history that, while modern capitalists openly oppose communism, in private they sustain, in some instances, the worst elements of communism.

27. Are all modern capitalists and modern journalists to be indicted for supporting this unsound and radical economic system of modern capitalism?

No. The majority of them are ignorant of what they are doing. Believing in preserving the status quo and believing that a worse condition will follow, if the coinage and regulation of money were taken away from the Federal Reserve Bankers and from their compatriots in every other nation; believing that chaos will ensue, they are like so many timid souls who refuse to go to a dentist to have a decaying tooth made whole. These are the people who prate of overproduction and are afraid of progress.

28. What is over-production in "orthodox" economics?

Producing more than people have the money to buy.

29. What is over-production in a rational economic system?

Producing more than the people can consume, assuming that lack of money caused by artificial constriction of the medium of exchange is no barrier to purchase.

30. What is one of the most fundamental fallacies in the orthodox economists' fake "scientific" theories?

They refuse to recognize that money must exist in a nation and that the power to provide the people with an adequate volume belongs to the nation and not to the bankers. They refuse to recognize that whenever the issuance of money is a means of enriching a few private individuals with unearned interest, all who use money are unjustly taxed.

Wealth can not be created out of nothing. It is with few exceptions the product of human direction expended on the natural energies of creation. No individual should be allowed to manufacture a new money claim to wealth out of nothing. A purchaser of wealth should give up something equal in value to that which he acquires. It is in this vital point that our present money system fails. Banks do not give up anything, but they originate money and lend it into use, charging interest as though they were making genuine loans.

* * * * *

RECAPITULATION

1. The right to private property is sound, Christian, consti-tutional and American, provided it is honestly acquired.
2. Private property is capital that may be used in producing wealth.
3. There are two kinds of capitalism, namely, honest capital-ism and modern capitalism. Honest capitalism uses prop-erty to produce wealth for those who own that property, and for the welfare of society. Modern capitalism not only uses the property of others for producing wealth but con-centrates wealth in the hands of a few and allows fictitious loans of money for destructive purposes.
4. This money is a fictitious money which they demand to be repaid with dollars received for wealth.
5. This modern capitalism is radical as is communism, the latter teaching that all citizens and their property belong to the State, and the former teaching that all property and the State itself belong to the international banker plutocrats.

CHAPTER X

MODERN BANKING

1. What are modern banks?

   We have clothes shops, candy shops, bake shops, food shops. Why not call present day banks what they really are—debt shops?

2. What is modern banking?

   The Cashier of one of the largest mid'western banks, when asked this question, answered: "It is a series of motions which we go through without knowing what it is all about." Real banking is more evident by its absence than by its presence.

3. What is the nominal definition of the word "bank"?

   The word is derived from the word "banca" which means bench. On the bench, the money changers were accustomed to operate. It was such benches that Christ turned over when he drove the money changers from the Temple.

4. What is the real and philosophic definition of the word "bank"?

   Philosophically, a bank is a financial institution which accepts depositors' money for safe keeping and contracts with the depositors to lend this money at inter-est to individuals who are in need of its use and who can give ample security that the loans will be paid. From the profits made from lending money at interest the banker agrees to pay the legitimate depositors a fixed sum of interest besides safeguarding the deposits.

5. Is this philosophic definition of a bank applicable to modern banks?

   No. The practice of modern banks is not in harmony with the philosophic concept of real banks.

6. What, then, is the definition and practice of modern banks?

   While modern banks presumably accept depositors' money for safe keeping, it should be understood by each depositor that the contract which he is making with the bank does not guarantee that his deposit will be returned to him on demand or any other time. The depositor really becomes a creditor of the bank, and not a preferred creditor, at that. Moreover, while the bank does lend some of the depositors' real money, the said bank is gambling on human nature. First, it ar-ranges to create ten, twenty or thirty times the amount of money really deposited with it and then proceeds to lend this to manufacturers, merchants, builders, tradesmen and citizens. The banker goes so far as to make loan deposits that are ten to thirty times, the real deposits. When one analyzes the complete operation, he finds the amount of money the real depositors placed as safe-keeping in the bank is money manufac-tured by some banker in some preceding transaction.

   Today (February 1936), the total deposits of real money placed in the banks for safe keeping by all classes of citizens amount to approximately $700-miI-lions. The bankers report to the public, however, that the deposits in the Federal Reserve banks and in the member banks total many billions of dollars. Truth-fully, they should report that these many billions of dollars are loan-deposits that they have created.

7. Are banks limited to the above activities only?

   No. Bankers manufacture money, re-discount notes, regulate the value of foreign coins, dominate industry by placing bankers on the Boards of Directors of Corporations, dictate to the press, execute foreign loans for war purposes even against the laws of neutrality, manipulate political parties, and in reality, operate the Government and the nation for their own selfish ends. More than that, they flood the nation with their created credit and then, at the opportune moment, call this credit and cause depressions and make it possible for the banks themselves to confiscate real wealth, farms, homes and industry.

8. Is there any judicial evidence to prove that when you have a deposit in the bank you do not have real money in the bank?

   Yes. In 1923, the Missouri Appellate Court rendered the following decision. This decision was upheld by many State Supreme Courts.

   > "When a deposit is made in a bank the funds deposited become the funds of the bank, the deposit becoming an ordinary indebtedness and not a trust fund for its depositor." (From "Digest of Decisions Relating to National Banks", Vol. 11, page 69).

9. If banks, then, are debt shops where money is manufac tured for the purpose of creating debts, is money issued primarily for usurious purposes?

   Yes. Money comes into existence from the banks only as "interest'bearing'loans" which interest must be paid by every person who uses money.

10. What is usury?

    Usury is a breach against the commandment "Thou shalt not steal", and is related to three specific immoral actions listed under the following:

    (a) Charging an unreasonable and abnormal rate of interest.

    (b) Charging interest on any recognised non-produc-tive or destructive loan.

(c) Charging interest on a loan of fictitious money which the lender created, thereby demanding from the borrower an unjust return. In the latter case, the lender reaps where he did not sow.

11. Is usury opposed to morality?

Yes, and it is also opposed to Christian teaching.

12. Is it permissible to charge interest at any time?

When real money is loaned for productive purposes at a reasonable rate, interest is permissible because money, in modern society, is regarded as the means of transferring claims or titles to wealth. To lend a bushel of seed corn to a neighbor farmer and to expect that he return to you a bushel plus a fair portion of the new corn which he raised is legitimate. His posses' sion of the new corn was only made possible by the lender abstaining from using the original corn himself.

13. Who are the principal opponents to necessary banking reform and to the establishment of an honest money sys tem?

The beneficiaries of this ingeniously devised institution for securing a percentage on transactions and getting legal title to property without the victims understand' ing what is happening.

"The chief factors that oppose reform and progress and strive to keep things as they are, are by no means inertia and ignorance, but thoroughly well-informed individual self-interest." (From Wealth, Virtual Wealth and Debt, by Frederick Soddy.)

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CHAPTER XI

THE GENESIS OF AMERICAN BANKING

1. Were the Thirteen Original Colonies, which later became the United States of America, Sovereign States?

   Yes. Each Colony was chartered by the British Government with full sovereign powers.

2. Then, did each Colony possess the right to originate and control its own money?

   Yes. Each Colony did exercise its sovereign power to originate and control the medium of exchange used by the citizens of each Colony.

   (See Craig vs. Missouri, 4 Pet., 435, 453; Briscoe vs. The Bank of Kentucky, 11 Pet., 257, 313, 334, 336; Legal Tender Cases, 12 Wallace, 557, 558, 622.

3. Why were the Colonies granted and allowed to exercise this sovereign power?

   Because the Colonies were founded when the British Government itself exercised the sovereign power over money. When the charters were given to each of the Colonies by the British Government, this power of coining and regulating money was included in these charters.

4. But the British Government now allows private individ uals to coin and regulate money. How and when did this come about?

   In 1694, William of Orange, King of England, needed money to raise an army for the purpose of keeping the Stuarts from regaining the crown. He went to the rich merchants in London to acquire this money. They agreed to lend it to him, provided he would give them the right of issuing bank notes against the indebted-ness. This is the origin of the Bank of England. This privately owned bank began to manufacture money and substituted privately created money for the money formerly originated by the British Government.

5. Did the same private interests who usurped the sovereign power of the British Government attempt to encroach upon the sovereign rights of the Colonies?

   Yes. And it was the refusal of the Colonists to substitute the private money of the Bank of England for the honestly issued money of their own Colonial gov-ernments that culminated in the Declaration of Independence and the War for Independence.

6. What kind of money was used during the period of the Confederacy, e.g., from the Declaration of Independence in 1776 until the adoption of the Constitution in 1789?

   The Continental Congress, comprised of delegates from each of the Colonies, originated and paid into use money known as Continental Currency.

7. Does the commonly quoted "not worth a Continental" refer to this money?

   Yes. This phrase is used to describe anything that is utterly worthless.

8. Why and how was the Continental money deliberately made worthless?

   It was destroyed by deliberate counterfeiting both by individuals and international bankers in London. The evidence is ample:

   > "Counterfeiting, however, was not confined solely to individuals. The British Government also embarked in the business . . . General Howe abetted and patron-ized those who were engaged in making and pushing these spurious issues into circulation. ... 'A ship' load of counterfeit Continental money,' says Phillips, 'coming from Britain was captured by an American

privateer. Persons accompanying an English flag of truce are known to have largely made use of the op-portunity for dissemination of fraudulent notes. Emis-saries from New York endeavored to obtain from the mills, paper similar to that used by Congress of its emissions.'

"Many in Great Britain and elsewhere believed that, if Continental paper money could be destroyed, the Americans would be obliged to submit. This is why the British Government promoted so extensively the business of counterfeiting.

"Quoting General Clinton's letter to His Majesty, the King of England, (General Clinton was a British General):

'No experiment neglected, etc. . . . No assistance that could be drawn from the power of gold, or the art of counterfeiting have been left unattempted. But still the currency, like the widow's cruse of oil, has not failed the congress. I shall, nevertheless, my Lord, continue assiduous in the application of those means entrusted in my care; if they cannot work its destruction, yet they can embarrass the government and make carrying on the war more precarious, bur-densome and less energetic'." (Financial History of the United States by Bolles, Vol. I, 1774-1789, pages 151 and 152.)

9. Do those who cite the failure of the Continental currency tell why it became worthless?

No. They never refer either to the deliberate counter-feiting or to the fact that these counterfeiters increased the volume of Continental currency many, many times the amount properly paid into use by the Continental Congress. It was the malicious counterfeiters and the international bankers who, having control of the Bank of England, destroyed the value of the Continental money. The Articles of Confederation, quickly drawn, had not given the Continental Congress power to pun-ish counterfeiters.

10. Was the Continental money full legal tender?

    No. Because, under the Articles of Confederation, the Continental Congress could not levy taxes. The qual-ity that makes money full legal tender is the fact that it is accepted by the government for all debts, public and private, including interest, taxes and import duties paid to the government.

11. Did the Constitution of the United States, adopted in 1789, grant the full sovereign power?

    Yes. It gave Congress the sole power to create money, and to make it full and unrestricted legal tender for the payment of all debts, public and private.

12. At the time of the adoption of the United States Consti tution, was the power to issue bills or notes of the govern ment and impress upon those bills or notes the quality of being a legal tender for the payment of private debts a power universally understood to belong to sovereignty in Europe and America?

    Yes. The governments of Europe, acting through the monarchs or legislatures, according to the distribution of powers under their respective Constitutions, had the sovereign power of issuing paper money or stamp' ing coins. This power was distinctly recognised in an important case, ably argued and fully considered, in which the Emperor of Austria, as King of Hungary, obtained from the English Court of Chancery an in-junction against the issue of England, without his license, of notes purporting to be public paper money of Hungary (Austria vs. Day; 2 Giff., 628: 3 D.F. & J., 217).

13. Did the Articles of Confederation specify that the Con tinental Congress could regulate the value of foreign coin?

    No. "And this omission", says Mr. Justice Story, "in a great measure would destroy any uniformity in the value of the current coin, since the respective States might, by different regulations, create a different value in each." (Quoting The Federalist No. 42 in "Commentaries on the Constitution of the United States," 4th edition, by Mr. justice Story.)

14. Did Benjamin Franklin, in his writings, indicate that he knew why the Continental currency failed?

Benjamin Franklin knew that all human institutions had to be managed properly. With all of his first hand knowledge of the fate of government money during the Colonial Period, he never swerved from his conviction that currency created and issued by the Government was not only of public benefit, but that it was necessary and that it could be properly managed if the people only demanded it, as they did in Franklin's own State, Pennsylvania.

"The most voluminous and systematic of Franklin's economic writings are his essays defending paper currency. Holding that the shortage of precious metals in the Colonies hindered trade, lowered land values and prices, encouraged usury, and so benefited the rich speculators at the expense of the working population. . .." (From "The Amazing Benjamin Franklin", Page 209, Published in 1929, Edited by J. Henry Smythe, Jr.).

15. During the Confederacy period were any attempts made to establish a privately owned and controlled bank which would exercise the sovereign power of creating money?

Yes. Alexander Hamilton, with the assistance of Robert Morris, actually used public money to nurse into life the Bank of North America. This was a privately owned bank. Fortunately, the Bank of North America was never recognized by most of the States.

16. When was the Constitution of the United States ratified, and how did it remedy the defects in the Articles of Confederation?

The Constitution of the United States was adopted in 1789. It expressly mandates Congress "to coin money, regulate the value thereof and of foreign coin". It gives Congress the power to levy and collect taxes, which combined powers give full authority to create money and to make that money legal tender for the payment of all debts, public and private, including tax payments made to the government. It was justly re-marked by James Madison, in a letter to Mr. Cabell, dated September 18, 1828, "that the power to coin money would doubtless include that of regulating its value, had the latter power not been expressly in-serted." It was, however, expressly asserted. That fact should have settled forever any argument relative to the Congress only having the power to determine the volume of money in existence.

17. When and through what act was the sovereign power of the United States first encroached upon?

    In 1791, through the efforts of Alexander Hamilton, a privately owned, central bank, misnamed "The Bank of the United States", was chartered. This was a direct violation of the new Constitution, which viola-tion was accomplished only after the death of Ben-jamin Franklin, who had fought Hamilton's previous proposals and had always successfully prevented their fulfilment.

18. Who was Alexander Hamilton?

    He was the first Secretary of the Treasury in the United States of America.

19. Did the first privately owned bank usurp the power to create and regulate the value of money?

    Yes. Through its several branches, it coined and reg-ulated the value of money in the United States. More-over, it enjoyed the power to lend this created money and to tax the citizens for using it.

20. Was this power given to the First Bank of the United States approved by George Washington?

No. And Washington was not alone in fighting this power. Jefferson, Madison, Adams, Randolph, together with a galaxy of men whose intelligence framed the Constitution of the United States, were also op-posed to Alexander Hamilton.

21. Were the followers of these patriots successful in annul ling the charter of Alexander Hamilton's "Bank of the United States"?

Yes. In 1811, when the twenty year charter for this bank expired, Congress refused to renew it

22. Did a second privately owned bank regain the right to coin and regulate the value of money?

Yes. After the War of 1812, a charter was given to "The Second Bank of the United States" in the year 1816, to carry on as did "The First Bank of the United States." Through connivance against the Government, the Treasury Notes, then circulating as money, were funded into bonds owned by the bank. Against these bonds, this private bank issued private bank notes, thus enabling the owners of "The Second Bank of the United States" to draw interest on its money in cir-culation.

23. Were the owners of "The Second Bank of the United States" successful in collecting all the Treasury Notes out standing?

No. With some outstanding Treasury Notes, a citizen attempted to pay legitimate bills. The Notes were refused by the creditors. Thus, in the famous case of Veazie vs. Fenno (8 Wallace, 549, U. S. Supreme Court, 1824) the United States Supreme Court pro-nounced it within the undisputed power of Congress to provide a currency of the country consisting largely of Treasury Notes.

Chief Justice Marshall's definition of bills of credit said:

> "ft cannot be doubted that under the Constitution the power to provide a circulation of coin is given to

Congress. And it is settled by the uniform practice of the Government, and by repeated decisions, that Congress may constitutionally authorize the emission of hills of credit."

24. What are bills of credit?

Chief Justice Marshall's definition of bills of credit was "paper issued by the sovereign authority and intended to circulate as money." This definition was given in the Supreme Court of the United States in Briscoe vs. The Bank of Kentucky (11 Pet., 257) : "A note of circulation issued by the State involving the faith of the State and designed to circulate as money on the credit of the State in the ordinary course of business, is a bill of credit."

25. Did any American statesmen oppose the activities of "The Second Bank of the United States"?

Yes. Andrew Jackson was elected to the presidency on the issue that he would not renew the charter. Thus, the charter of "The Second Bank of the United States" expired on March 4, 1836. Andrew Jackson said: "If Congress has the right under the Constitution to issue paper money, it was given them to be used by themselves, not to he delegated to individuals or to corporations."

26. Following Andrew Jackson, did Congress and Congress alone coin and regulate the value of money in the United States?

Unfortunately, no. Although the several States at the time of the ratification of the Constitution, surrendered their rights to coin and regulate the value of money to Congress, we find individual States now beginning to to circumvent the law by establishing State Banks, owned by private individuals who created bank credit money. Nevertheless, while these various State char-tered and privately owned banks were violating the Constitution of the United States, they refrained from centralizing the power of coining and regulating money in the private hands of a central group.

27. Was there a third attempt to scuttle the Constitution of the United States and to create privately owned, national ly chartered banks with the right to coin and regulate the nation's money?

Yes. In the heat of the Civil War, when Lincoln required funds to carry on his campaign, private bankers agreed to lend him money, if he would grant them a national charter to issue and lend money. Thus, in 1863, there was witnessed the passage of "The National Bank Act", providing for the chartering of private corporations with the right to coin and regulate the value of money.

See Appendix V for documents relative to international bankers part in the passage of the National Bank Act.

28. Why did not Lincoln recommend that Congress issue its own money to carry on the Civil War?

He did. Congress issued $150-million in 1862 in bills that were full legal tender for payment of all debts, public and private. On two other occasions Congress issued a total of $300-million of United States Notes which carried the restriction clause: "Not legal tender for the payment of taxes or import duties."

29. Was this inscription just quoted destructive of the money quality?

Yes. The money which Congress issues and can issue must be full legal tender for the payment of all debts, including taxes and import duties.

30. What attempts were made to take the United States Notes issued by Congress upon the recommendation of Abraham Lincoln out of circulation?

After these non-interest bearing United States Notes had been paid into existence, an effort was made to declare them unconstitutional. In the Hepburn vs. Griswold decision (8 Wallace, 626), rendered during the September Term 1869, the United States Supreme

Court decided that "paper currency was not and could not be legal tender. The only legal tender must be bullion or specie; gold or silver."

The decision was approved by 5 Justices on November 27, 1869. Three Justices dissented. On that same date, November 27, 1869, the 5 in the majority directed the opinion in the case to be prepared and read on January 29, 1870. On April 10, 1869 (i.e., the April before November 27, 1869) Congress had passed a law to take effect December 1, 1869 (4 days after the Judges had decided against the currency being legal tender) increasing the membership of the Supreme Court to 9.

After the opinion was read on January 29, 1870, Justice Grier, who had sided with the majority, resigned (February 1, 1870), leaving two vacancies. Two new Judges were appointed, Justice Strong on February 18, 1870, and Justice Bradley on March 21, 1870. In the next term of the Supreme Court in 1870, the Legal Tender Cases came up for decision. These are reported in 79 U. S., 457. In this decision the hold' ing in Hepburn vs. Griswold was reversed, the Court in the Legal Tender Cases ruling that:

> "Paper currency made legal tender by Congress was constitutional and good payment for debts existing and due before its passage, as well as after its passage."

31. Did that Supreme Court decision stop the efforts of private bankers to take out of use these honest United States Notes?

No. Those to whose interest it was to attempt to interpret the Constitution to mean that Congress had only the right to imprint the seal of the Government on metal alone, succeeded in having Congress pass an act on January 14, 1875 entitled: "To provide for the resumption of specie payments". This act provided that on and after January 1, 1879, "the Secretary of the Treasury shall redeem in coin United States Legal Tender Notes then outstanding, on their presentation for redemption at the office of the

Assistant Treasurer of the United States in the City of New York, in sums of not less than $50." (18 Stat., 296).

32. Did Congress repeal this act providing for the resumption of specie payments?

Yes. On May 31, 1878, Congress passed an act which provided that the United States Notes already withdrawn from circulation be reissued. This act was en-titled: "An Act to Forbid the Further Retirement of United States Legal Tender Notes." Its provisions were as follows:

> "From and after the passage of this act it shall not be lawful for the Secretary of the Treasury or other officers under him to cancel or retire any more of the United States legal notes. And when any of said notes may be redeemed or be received into the treasury under the law, from any source whatever, and shall belong to the United States, they shall not be retired, cancelled, or destroyed, but they shall be re-issued and paid out again and kept in circulation: provided, that nothing herein shall prohibit the can-cellation and destruction of mutilated notes, and the issue of other notes of like denomination in their stead, as now provided by law. All acts and parts of acts in conflict herewith are hereby repealed." (20 Stat., 87).

33. Did this Supreme Court decision satisfy the private bankers and end their efforts to destroy United States Notes?

No. A case wherein a private individual refused to accept these notes in payment of a private debt was brought to the Supreme Court in the October 1883 term. (Reported Legal Tender Cases, 110, U. S., 421). The Court decided (8 to 1):

> "Congress has the constitutional power to make the Treasury Notes of the United States a legal tender in payment of private debts in time of peace as well as in time of war."

Herein the Court decided that the act of May 31, 1878, Chapter 146, was constitutional and valid, and that the tender in Treasury Notes reissued and kept in circulation under that act was a tender in lawful money in payment of debts. The Court in this case further stated:

> "Congress has the undoubted right to make currency lawful money for all purposes. Congress may make paper currency legal tender for all debts, present and future."

This is the law today. This Supreme Court decision has never been challenged in any manner whatsoever. In March 1884, Mr. Justice Gray delivered the opinion of the United States Supreme Court. "Congress has the constitutional power to make the Treasury Notes of the United States a legal tender in payment of private debts in time of peace as well as in time of war". This refers not only to the coins of gold or silver or any metal, it also refers to paper currency.

34. Are the U. S. Notes issued by Lincoln still in existence and use?

Yes. Approximately $346-millions are still in use. They bear no interest at the point of origin. Figure out for yourself how much interest, computed annual-ly, would have been paid to the bankers on this $346-millions at 3% since 1862.

35. To gain more control over the money of this nation, what was the next attempt made by the international bankers?

In 1873, President Ulysses Grant's Congress demonetized silver, thus making more secure the power over money enjoyed by those who had cornered the gold. Bear in mind that many members of this Congress, as well as President Grant, are on record stating that they did not know for what they were voting, in the case of Congressmen, and what Bill was signed, in the case of the President. This statement is substantiated by a fund of documentary, first hand evidence.

36. Did the battle between the American people and the in ternational bankers over silver end in 1873?

No. There has been constant conflict over the use of silver down to date.

37. What relation has the Federal Reserve Bank Act to the private coinage and regulation of money?

From the time of Lincoln in 1863 until 1913, there were many more or less independent National Banks. The international bankers were determined to centralize and control these many thousands of National Banks, each of which enjoyed its own right to coin and issue money.

Thus, in 1907, Senator Aldrich attempted to pass the Aldrich'Vreeland Bill which aimed at unifying and centralizing all National Banks. The attempt failed, thanks mostly to Charles Lindbergh, Sr., the father of "The Lone Eagle"'.

In 1913, when the World War was a moral certainty, a gigantic effort was put forth to pass the "Federal Reserve Banking Act". This Act was passed chiefly through the efforts of Senator Carter Glass and Paul M. Warburg, an international banker who takes credit to himself for its passage and who later on became identified with "The World Central Bank", known as "The Bank of International Settlements", located at Bern, Switzerland.

Paul M. Warburg, more European than American in his philosophy, said:

> "I do not claim to have originated any new banking principle; hut from my arrival in America I have been impelled to urge the adoption of the fundamental principles upon which, under varying forms, were based the practices of every industrially advanced country except the United States. It was owing to the interest I had shown in banking reform that, when the Aldrich Banking and Currency Committee was appointed, I was invited to assist it in formula-

ting a plan providing for the creation of a Central Reserve Association with regional branches." (The Federal Reserve System, Its Origin and Growth— Page 8). Mr. Edwin R. A. Seligman, in his introductory re-marks of August 1914 to "Essays on Banking Reform in the United States", by Paul M. Warburg, says: "For it may be stated without fear of contradiction that in its fundamental features the Federal Reserve Act is the work of Mr. Warburg more than of any man in the country."

38. After the passage of the Federal Reserve Banking Act, did the thousands of National Banks throughout the na tion still enjoy the right to issue their own private notes called National Bank Notes?

Yes. It was not until Mr. Roosevelt's New Deal came upon the scene that this right was practically taken away from National Banks. Today, no banks except the Federal Reserve Banks are able to issue currency. Thus, we have practically complete centralization of the private coinage and regulation of money controlled by a handful of individuals, who, like Paul M. War' burg, prefer the European system of plutocracy to the American system of democracy. Since 1913 until 1936, every amendment to the Federal Reserve Banking Act of 1913 has been a successful effort to further centralize the control of money, its creation and manipula-tion in the hands of a few.

39. What effect has this centralization of banking had on American prosperity?

It has given full domination to the Federal Reserve bankers, (who practically are under the control of the Federal Reserve Bank of New York) to dictate all loans to industry, commerce and individuals and thereby control, as it were, the life blood of the nation, so that no one dares breathe against their will. See Appendix I and VII. Open Market Operations under 1935 Banking Act.

40. Is this centralization of banking power in the hands of a few private individuals radical?

Yes. It is exactly as Lenin advocated. The father and exponent of communism said:

> "One state bank as huge as possible, with branches in every factory—this is already nine-tenths of the Socialist apparatus."

41. Is the decentralization of banking in harmony with demo cracy and liberty?

Yes, provided the decentralized banks do not coin and regulate any money whatsoever, but merely be satisfied with performing their true functions of safeguarding and lending the depositors' money for the benefit of industry and commerce and other social activities. Each bank should be an independent institution able to make loans to its customers who are known to the bankers, not being compelled to refuse these customers of good standing because a group of New York dictators do not know them or will not lend to them at honest rates.

42. Are many domestic banks now the victims of existing banking laws?

Yes, most domestic bankers and their clients are victims. Under the guise of protecting depositors, a private corporation known as the Federal Deposit Insurance Corporation, is pretending to guarantee bank deposits. This corporation's assets amount to less than four hundred million dollars. It advertises to protect deposits up to $5,000 per individual owner. Today the accounts under $5,000 amount to over twelve billion dollars. How can a corporation with total assets of less than four hundred million guarantee bank accounts aggregating some twelve billions?

The thing is more ridiculous when one remembers that present deposits are the result of loans, and that Central Bankers can arbitrarily force calling of loans. The real purpose of the Federal Deposit Insurance Corporation is to permit a band of bank examiners, acting under authority of the Central Banks, to dictate what business men's notes can be held by small banks. There is no rhyme or reason in their decisions. The notes of certain favored business men may be retained, while farmers and other business men are not permitted to have or renew loans.

Banks are forced to advertise so-called membership in the Federal Deposit Insurance Corporation. The mis-informed are led to believe that the Federal Deposit Insurance Corporation feature will protect their deposits. Therefore, in order to stay in business, indi-vidual banks are forced to become members of the Federal Reserve System.

In reality, our banks are today totally centralized. This is a very dangerous condition. Honest bankers readily admit that they are not permitted to make loans to business men who, by all rules of sound banking and honest dealings, are entitled to borrow money. The Governor of the Federal Reserve Board, in his testimony on the Banking Act of 1935 said:

> "During the past two years there has been no in-crease in the supply of money as the result of banks lending to individuals or to corporations. As a matter of fact, the money supply would have been actually diminished since 1933 had it not been for the Government . . . borrowing and spending . . . The credits which the banks have extended to others than the Government are less now by several hun-dred millions than they were right after the bank holiday." (Hearings on Banking Act of 1935, page 399.)

43. Is it in harmony with social justice to nationalize all banks?

No. Social justice desires the liberation of all local banks from the radical Federal Reserve Banking System. It is in harmony with social justice, however, to nationalize the creation, the issuance and the reg-ulation of all money used within the nation. "Congress has the right to coin money and regulate the value thereof; and of foreign coin", is the doctrine of democracy, the doctrine of sound Americanism. It stands opposed to the doctrine of Lenin adopted by the Federal Reserve Banking System.

44. Did the so-called New Deal, through its Gold Bill of 1934 and the Banking Act of 1935, lean towards social justice or to Leninism?

It leaned towards Leninism, by accomplishing the complete centralization of the private coinage and regulation of money in the hands of international bankers and by creating needless debts for the sustenance of these bankers. Approximately $35-billions will have been borrowed by this Government from these bankers whom the Government permitted to manufacture money with which to obtain bonds. Within, a few years the American taxpayers will be compelled to pay back $50-billions in hard earned money, representing real wealth and services, to these men whose only contribution to our national security was that of a bookkeeping expert.

45. Should banks be privately owned?

Yes. It is sound that banks be State chartered private corporations, whose function is restricted solely to re-ceiving United States legal tender on either time or demand accounts and lending the money in the time deposits.

46. May the United States Government, under given circum stances, operate lending agencies?

Theoretically, no. But circumstances enabled the Gov ernment to organize the HOLC and certain similar corporations. These Government lending corporations are in business and will be in business for some time to come. They were necessary because the local private bank corporations had failed the people, because of international bankers' manipulations.

47. Did the Banking Act of 1935 correct any of the fundamental fallacies and dishonest practices of our money system?

No. While there was testimony introduced during the Congressional Hearings which clearly indicated the gross fallacies and injustices of our present banking laws, the Banking Act of 1935 changed the laws, not for the better but for the worse. In reality, the Banking Act of 1935 provides all the machinery necessary for a complete destruction of our money system via the vicious inflation route, as manipulated by private international bankers in France at the time of the French Revolution, in Russia in 1917, and in Germany in the 1920's.

Therefore, then, all the financial acts perpetrated by the New Deal have further entrenched the Federal Reserve international bankers in their position and this to such a degree, that if the Federal Reserve Banking Act is not repealed, together with all New Deal financial acts, chaos will be inevitable and democracy in this nation will be destroyed.

* * * * *

RECAPITULATION

1. The Constitution gives to Congress the right to coin and regulate the value of money.
2. This right was delegated to private individuals for their own profit and without specifications.
3. From the beginning to the present day, Americans have been forced to struggle to retain their democratic sovereignty, but generally, democracy has been on the wane and plutocracy, which is identified with radicalism, has been waxing stronger even under the hypocrisy of beneficent legislation.
4. Is it necessary to encourage all solid Americans to prepare for the final struggle to strike fearlessly not only for the restoration of democracy, but for economic liberty?

BOOK II

THE OPERATION OF AN HONEST MONEY SYSTEM

C H A P T E R   I

RESTORATION

1. What should the Citizens demand?

   (a) That Congress resume the exercise of its Sovereign Power—"to Coin Money and regulate the Value there-of; and of Foreign Coin".

   (b) That the exercise of the Sovereign Power be com-pletely divorced from proper banking functions.

   (c) That banks be privately owned and restricted to their legitimate functions; i.e., Custodians and lenders of United States Legal Tender.

2. Why do we demand that Congress resume the exercise of its sovereign power?

   To restore the highest function of our Government to those elected by the people. The social nature of man demands that the common denominator of all economic' social functions be exercised by society as a whole or by those delegated and mandated by organized society.

3. What does sovereign power mean?

   By sovereign power we mean a power belonging to all the people as a whole, without which the exercise of their National activities is impossible and without which the supreme jurisdiction, under God, over the citizens of a nation is likewise impossible.

4. Why do you say man is a social being?

   Because he was created by Almighty God to live with his fellowmen. One man is a tailor, another a carpenter, another a fisherman and so forth. One man cannot live without his fellowmen and each citizen contributes some economic good not only for himself [113] but for all citizens. The common denominator, or medium of trade, for all economic goods or services, is that one thing called money which belongs to no one individually but to all the citizens socially or collectively, insofar as it is coined and the volume regulated and put to use originally by the Government.

5. Why will Congress then be what was intended, the actual government of the United States?

   Because Congress, the legislative body created by the people, falls short of its ability to govern unless it possesses in itself this right to create and supply directly through its own proper appointees with specified duties the necessary medium of exchange to which no other function of the government is superior.

6. Why do you say that no other function of government is superior?

   Meyer Amschel Rothschild said: "Permit me to issue and control the money of a nation, and I care not who makes it laws." Precisely, if an individual or group of individuals control the issuance and regulation of money, the distribution system through which wealth is exchanged, it is possible for that individual or group of individuals to hamper trade, to constrict economic activity and to control the wealth of the nation itself.

7. Are self-chosen, non-elected, private individuals, corpora tions and groups now the de-facto government of the United States?

   Yes. The Federal Reserve Banks, private corporations whose entire stock is owned by private individuals, coin and regulate at least 95 per cent of the money used in the United States for the personal gain of stockholders. All the profits made by the activities of the Federal Reserve Banks accrue to the owners of these banks. Besides, inside advance knowledge of policies and their ultimate results, enable international bankers and international speculators to make enormous illicit profits, part of which they spend to protect their unmoral practices.

8. Are the Federal Reserve Banks identified with interna tional bankers?

   Yes. The international bankers, or banks, are listed chiefly under the heads of the Federal Reserve Banks of the United States, the Bank of England, the Bank of France, the Reichsbank, the Bank of Italy, and central banks in practically every nation of the world. All these banks are owned by private individuals although they masquerade under titles which make them appear as if they were owned by the governments and peoples of these nations.

9. How do international bankers operate for their own gain?

   These private bankers owning, controlling and exercising for their own profits the money of all nations referred to, shuttle the gold and silver together with international loans, international acceptances and bank notes from country to country for the purpose of altering price levels to create gains for themselves and losses for the people. In this sense their patriotism is translated by the word "greed". Their country knows no boundaries and their flag is colorless.

10. Are the international bankers themselves unpatriotic and greedy men?

    While some individual men may be honorable, their policies are unsound and unmoral and were conceived by persons by whom patriotism, democracy, justice and charity are not understood.

11. Has the local banker, with whom possibly you are ac quainted, been responsible for these policies?

    In most cases, no. Unfortunately, he has often been denied knowledge of the workings and the ultimate results of many policies dictated by a handful of international bankers. Consequently, he oftentimes has been their victim.

12. How can the Government of the United States be restored to honestly elected representatives of the people?

    By completely divorcing the power to create money from proper banking functions and restricting to Congress alone the exercise of the sovereign power to issue (originate) and control the volume of money.

13. How can Congress resume the exercise of its constitutional mandate of the people to issue our money and control the volume thereof?

    (a) By nullifying the National Bank Act of 1863.
    (b) By nullifying the Federal Reserve Bank Act of 1913 and all intermediary and subsequent acts down to date.
    (c) By enacting legislation in harmony with the Constitution of the United States which mandates Congress "to coin money and regulate the value thereof; and of foreign coins".

    This legislation must provide:

    (1) That a Congressional Board of Money, appointed by Congress, originate and pay into use interest-free money, bearing the seal of the United States Government and in sufficient volume to establish and maintain equitable price levels.
    (2) That a Congressional Board of Money handle exclusively all transactions in foreign exchange. Any exchange of dollars for the currencies of any other countries must be negotiated only through the Congressional Board of Money. All gold or silver (excepting token money) must be in the possession of the Congressional Board of Money and be used only for the settlement of international trade balances. The transfer of metals for the settlement of trade balances must not be at any fixed price per ounce. The price of foreign currencies must rise or fall with changes in price levels in other countries and the actual demand and supply of the various currencies in the foreign exchange market of the United States.

The present 2 billion, 800 million dollar secret stabilization fund should be removed from the ju-risdiction of the Treasury Department and made the direct executive responsibility of the Congressional Board of Money.

The Secretary of the Treasury and his Depart-ment should be completely divorced from the Congressional Board of Money. The function of the Secretary of the Treasury is to collect and disburse tax payments. The Treasury Depart-ment should have nothing to do with recommen-dations or executions of orders relative to increas-ing or decreasing the supply of United States money in existence.

(3) Banks should be privately owned, State-chartered corporations whose functions must be confined to acting as custodians and lenders of United States money which belongs to private citizens. The several government-owned lending agencies should be continued in existence until such time as the outstanding loans will have been liquidated or until such time as these loans are officially regarded as non-collectible.

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CHAPTER II

HOW CONGRESS CAN EFFICIENTLY EXECUTE THE MONEY MANDATES OF THE CONSTITUTION

1. Can Congress appoint a group of persons absolutely func tioning for Congress to execute its mandates relative to coining and regulating the money of this nation and of foreign coins?

    Yes, this is in harmony with the Constitution. Congress now confirms the appointment of a Secretary of the Treasury. That Secretary is mandated, specifically, to collect taxes and disburse the money received and to see that authorized government bond issues are allocated to the banks. At the present time the Secretary of the Treasury is executing a mandate of Congress relative to the 2 billion, 800 million dollar misnamed stabilization fund.

    We have numerous examples of Congress confirming the appointments of persons to carry out the mandates of Congress. e.g. Congress confirms the appointment of individuals to operate the navy, the army and the post office department. These appointments carry with them specific duties, which the officers, whom Congress appoints to carry out these duties, must fulfill, according to the law, for the welfare of all citizens.

2. Should an appointment by Congress be interpreted to mean an appointment by only a part of Congress?

    No. Since the people have delegated and mandated Congress "to coin money and regulate the value thereof and of foreign coins", the appointees, who execute the specific mandates of Congress, should be appointed by the entire Congress.

3. Who appoints and confirms the present Board of Gover nors of the privately owned Federal Reserve Banks?

   Under the Banking Act of 1935 the President appoints and the Senate confirms the Governors of the Federal Reserve Board.

4. Some contend that since the President appoints and the Senate confirms the Governors of the Federal Reserve Board that Congress is now exercising its right to coin and regulate the value of money. Is this a correct state ment?

   No, because:

   (a) While the President does appoint the Board of Governors, Congress does not confirm the ap-pointments. Only 96 Senators by a majority vote confirm the President's appointments. The House of Representatives (which numbers 435 members) has no voice whatever. The Senate of the United States is not the United States Congress. It is only one part. The constitutional grant to Congress of the power over money is to both houses, not one.

   (b) Neither house gives a clear mandate to the Board of Governors and no specific duties are imposed. Not even the Senate now mandates the Federal Reserve Board to establish and maintain honest price levels.

   (c) The present Federal Reserve Banks carry on all of their functions exclusively for private profits for those who own and operate the Federal Reserve Banks.

   (d) The Federal Government does not pay salaries of the present Governors of the Federal Reserve Board but the Governors of the Federal Reserve Board are directing corporations (The Federal Reserve Banks) the profits of which accrue to the private owners of these banks.

5. Since Congress can, under the Constitution, appoint a board to execute its mandates relative to the money provisions of the Constitution of the United States, what kind of a board would be desirable and logical?

   A board of about nine persons who might be designated the "Congressional Board of Money."

6. What should be the qualifications of these persons?

   (a) An unquestioned record of honesty and integrity.
   (b) No past or present connections with partnerships or firms engaged in the business of underwriting international loans or dealing in international speculative accounts.
   (c) Sufficient education and practical business experience to qualify them to supervise, observe and understand the findings of scientific economic re-search.

   Congress does not approve a painter or a blacksmith for a rear admiral's position. Therefore it should not entrust the work of the Congressional Board of Money to men who are not qualified either by education, experience or character. If it is not possible to appoint such persons, then democracy must fail. If they do not appoint such persons, democracy cannot exist.

7. Is it true that such a Congressional Board appointed to enforce the money provisions of the Constitution would be influenced by politicians to the end that the issuance of money and the control of the volume in existence would become a political racket operated for the benefit of politicians and to the destruction of the citizens?

   No. But that is exactly what we suffer from today, except in a little different form. Those who control the operations of the Federal Reserve Banks are the de facto government of the United States. They operate it for their own profits, to exploit the people, and manipulate the politicians to the end that the people are victimized by both the operations of the money system and the puppet acts of the politicians.

8. Would the Congressional Board members be beneficiaries of the money originated and paid into use?

   No. They would receive their salaries and would benefit in no manner whatsoever, except as citizens of the country, in the amounts of money they pay into use.

9. Would the Congressional Money Board have anything to do with the handling of this money or the uses to which it is put once it has been paid into use?

   No. It would be paid into use directly to the citizens and would thenceforth be their money and, in no man-ner, be owned or controlled by the Congressional Board of Money.

10. If too much money were paid into use to whom could the people look immediately?

    They could immediately place the responsibility where it belonged. Any changes in the total volume of money, either the existence of too much money in the nation or too little money, would be the immediate and direct responsibility of the Congressional Board of Money. The Board being a creature of Congress, the citizen could look to Congress for redress of wrongs.

11. Should the amount of money in existence and any changes in the volume be widely publicized?

    Yes, simple, accurate and complete figures should be published on the front pages of all the metropolitan newspapers at least once each week. Honest state-ments would be intelligible to anyone who can read simple figures. Pitiless publicity is all that is neces-sary to protect the citizens against either too much money or too little money.

12. Today do most people have any way of knowing who is responsible for either too much money or too little money being loaned into existence?

    Only the well-informed who are able to interpret tricky and mystifying statements and who know the personalities who constitute the back stage government know who is responsible for misuse of the sovereign power of this nation.

13. Should the Congressional Board of Money be prohibited from political activities?

Yes, the members of this Board should be deprived of active and passive vote; they should be independent of any political party in every sense of the word; they should be divorced, personally, from any business activ-ities.

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CHAPTER III

TRANSITION FROM OUR PRESENT TO AN HONEST MONEY SYSTEM

1. Could the change to an honest money system be accom plished without disturbing legitimate business or causing losses to innocent persons?

   Yes. Those who use money in their daily transactions would not necessarily notice that the change was in progress, excepting that they would note that business recovery was making the desired progress.

2. What specific steps would be necessary to pay off the Federal Reserve Banks?

   The Federal Reserve Banks (Central) would be paid off as follows:

   (a) The capital and surplus of the Federal Reserve Banks would be bought with United States legal tender. This United States money received by the Federal Reserve Banks which are owned by the member banks should then be paid directly to the member banks and the capital stock cancelled.

   (b) The total amount of reserves belonging to each member bank (the 13% reserves against demand deposits and the 3% reserves against the time de-posits) should then be likewise paid off dollar for dollar with United States legal tender.

   (c) The total number of Federal Reserve Notes actually outstanding by each of the twelve Federal Reserve Banks should be exchanged for United States legal tender just as quickly as it is mechanically possible.

The Federal Reserve Notes actually in use (e.g., in the tills of the member banks or in the pockets of the people) are listed as Circulation in the combined statements of the Federal Reserve Banks. The amounts shown in this circulation account should be exchanged.

All United States Bonds in the possession of the United States Treasury, used as collateral for the Federal Reserve Notes in circulation, would then be the property of the United States Government and should be immediately cancelled.

(d) All assets in the possession of the Federal Reserve Banks would then belong to the United States Government.

(e) All buildings and physical equipment would belong to the United States Government. If the Congressional Money Board needs facilities to carry on economic and scientific investigations in various parts of the country, these buildings might be used. The Congressional Money Board would take no part in the mechanics of clearances as between the banks in the different parts of the country as the Federal Reserve Banks do today.

3. Is this repudiation?

No. The Federal Reserve Banks obtained assets in exchange for money created out of nothing and they should be paid with nothing. All notes and commercial paper in the Federal Reserve Banks would then be the property of the United States Government. As the notes made by individuals or corporations mature they would then be paid off by the makers with United States legal tender. As they are paid off, the notes should be surrendered to the makers, together with any collateral or supporting documents.

4. What would happen to the Government bonds in the possession of the Federal Reserve Banks that are not pledged as collateral against Federal Reserve Notes?

   They would be the property of the United States Government and should be cancelled.

5. Are these steps for the pay-off of the Federal Reserve Banks (Central) in harmony with Christian philosophy?

   Yes. It is following the example of Christ, Who up-set the "money changers' " tables and drove them from the Temple. Christian social justice demands that these money changers have restored to them only what they contributed. It demands that no citizen of this nation be forced to pay for goods or services not delivered. The only service rendered by the Federal Reserve Banks was that of bookkeeping. These bookkeepers should be allowed to earn a living, annual wage but they should not be paid United States dollars to the amount of billions upon billions simply because they entered billions of purple fountain pen figures upon their books in exchange for Government bonds, which are first mortgages on everyone's home, property and income.

6. Would this honest pay-off cause distress?

   It would cause no distress, excepting to those who had gotten something for nothing. Those who got something for nothing should rightfully be paid with nothing. If those who got something for nothing complain, we will quote the words of Andrew Jackson when approached by the private money coiners of his day who sought a continuance of their racket:

   > "That is your sin—(if you suffer from what I am doing). It would be my sin if I allow you to con-tinue."

7. What specific steps would be necessary in paying off the member banks and all other local banks throughout the United States?

(a) The Congressional Board of Money of the United States would arrange to pay to the local banks, as of some specified date, 100% of the number of dollars called for in their total demand deposits. The notes, bonds and collateral in the banks' possession offsetting demand deposits would be turned over in toto to an agent of the Congress-ional Board of Money. As the notes mature and are paid by their makers, the banks which originated them would remit United States money to the Congressional Board of Money and obtain said notes and collateral and return them to their cus-tomers.

(b) When such money is received, it would again be paid out for services rendered to the government or to redeem government bonds, so long as the total money quantity in existence is inadequate to establish and maintain the price levels desired.

(c) As government bonds in the possession of citizens mature, if a larger volume of money is necessary, government bonds would be exchanged for new United States money. New United States money could be issued to pay off government bonds only when more money is necessary to establish or maintain honest price levels.

(d) As the Federal Reserve Notes or other currency in possession of the people are brought to the banks, the banks would exchange them for United States legal tender, dollar for dollar. Some time limit would have to be placed on the exchange, which should be accomplished without unnecessary de-lays.

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CHAPTER IV

SCIENTIFIC PRINCIPLES TO BE OBSERVED

1. What is the purpose of a money system?

   To make easy the exchanges of goods and services.

2. What, then, is the first requisite of an honest money sys tem?

   That general average price levels, as among the vari' ous classes of producers and distributors, be in proper proportion to each other, e. g. that farm commodities and other basic raw material prices be in proper proportion to finished manufactured goods prices.

3. Therefore, what would be the first duty of the Congress ional Money Board?

   They would acquire through scientific and accurate research the economic facts and statistics necessary to observe the movements of indices of price levels for the various classes of producers. These records and the manner of computation should be public.

4. What types of scientific economic data should be pre pared and made public under the supervision and obser vation of the Congressional Board of Money?

   (a) Accurate indices of the prices at which basic raw commodities are exchanging for money.

   (b) Accurate indices of the cost of living (cost of the goods consumed in maintaining a reasonable stand-ard) by a middle class family. e. g. A family of six living in a metropolitan area.

(c) Complete and accurate figures on unemployment. These figures should be compiled from the vari-ous industries, by States and by ages. There are no accurate and complete figures on unemployment in this country today.

5. What is an index number?

An index number is a method adopted by statisticians and economic writers to exhibit the course of prices of a group of raw commodities or of commodities generally. The index number reduces initial prices to common terms. It establishes the variation of each price from its own starting point and then determines the average variation.

6. What are index numbers of raw material prices?

They are generally simple arithmetic computations representing the average prices at wholesale of a large number of raw commodities.

7. What do index numbers of the cost of living indicate?

They measure the relative cost of living (all of the items commonly used in living) as of different dates. They are generally expressed in terms of monetary units (dollars).

8. Why should an index number include a large number of commodities?

A sufficient number of commodities should be included to allow for particular demand and supply factors influencing individual commodities within the index. Price fixing of any single commodity is unsound.

9. What are average prices?

The mean prices of definite amounts, at specified times, of a large number of commodities.

10. Are changes in the supply and need of a large number of commodities the fundamental cause of changes in the price index of those commodities?

    No. Average prices of a large number of commodi-ties are influenced by arbitrary changes in the total number of dollars in existence.

11. What is the only test of the honesty of the money in use in a nation?

    It is the amount of wealth (necessities of life) for which a given quantity of money may be exchanged. It is the constancy of its average exchangeability for goods and services that constitutes the acid test of the honest use of money.

12. Are there a number of index numbers in use in the United States today?

    Yes, various Government agencies, at taxpayers' ex-pense, and various private individuals and corporations have, for many years, prepared and kept up to date various index numbers. e. g. The index numbers compiled by the Bureau of Labor Statistics, the Federal Reserve Bank of New York, the Department of Commerce, various State and private universities, etc.

13. Have qualified persons accepted and used the various in dices?

    Yes, they are widely accepted and used but, strange to say, the Congress of the United States has never mandated the Federal Reserve Banks to keep in existence a volume of money required to establish and maintain specific average price levels.

14. Could qualified persons agree upon what particular in dices should be observed and pass upon the accuracy of those indices?

    Yes. That is a matter for qualified statisticians. Statisticians already maintain and observe a number of reliable and accepted indices.

15. What should determine how much money should be paid into use in the nation?

Observation of the movement of indices of price levels. For the ordinary citizen to get money, he gives up goods or his time and efforts in helping to produce goods. Money is the receipt for the wealth given up or the services rendered. A citizen holds money until he needs wealth. Thus, prices are a function of the volume of money in relation to the goods and services in the nation to be exchanged with money.

16. Why will observation of indices of price levels enable the Congressional Money Board to know when new issues of money should be added to the existing supply or when the existing supply should be reduced?

The reader will recall that the total volume of money in a nation represents the exchange value of the actual wealth which the owners of money are abstaining from possessing. Those who own money are owed wealth. Therefore, price levels are proportional to the quantity of money in existence divided by the wealth from which the owners of money (all of the people) are voluntarily abstaining from using.

Those who give up goods or services in exchange for money give up wealth before they receive money. As long as they hold money they are abstaining from the possession and use of wealth. The total amount of wealth from which the people will voluntarily abstain from owning or using, divided by the quantity of money in existence, determines the exchange value of money. As population increases and more wealth is produced, both because of a growing population and an increasing pro-duction per person, more money is necessary. The amount to be added can be determined only by observa-tion of general average prices (index numbers).

17. Is the relation of prices of basic raw commodities to fin ished goods of primary importance in America?

Yes, because about fifty-five million persons are en' gaged, directly or indirectly, in the production of basic raw materials. If the prices they receive for new wealth are not in an honest ratio to the prices of the finished goods, producers not only cannot operate at a legitimate profit but they cannot be buyers of finished goods.

18. Then, is it necessary that equitable raw commodity prices be established and maintained?

Yes. The destructive effects of too low raw com-modity prices have been experienced in this country in the agricultural depression which has existed from 1920 to date.

19. How can raw commodity prices be established and main tained in honest proportions to each other?

(a) By divorcing the domestic money supply from a gold or any other metal base.

(b) By abolishing fixed ratios for the exchange of dol-lars for the currencies of other countries. (See "Foreign Exchange" Appendix II.) (c) By establishing and maintaining an honest and adequate domestic volume of money.

20. Why would divorcing the domestic monetary quantity from gold or any other metal be necessary?

That movements of gold in or out of the country would no longer affect the amount of domestic money in use in the nation. Money issued (loaned) upon a metal base is the manipulators' stock in trade. International-ists have only to remove part of the base to cause a col-lapse. For the workers and producers of the nation, the all important factor is the volume of money in relation to the goods and services to be exchanged with money. Producers earn money to buy the necessities of life—not gold. Only internationalists buy gold, not to eat or wear, but because gold is the base of the collapsible money structure, and its removal causes a collapse.

21. Why would abolition of fixed ratios in exchanging dol lars or other currencies affect raw commodity prices?

Raw commodities such as wheat, cotton, oil, are for sale in all world markets. The amount of these commodities exported influences the price of these same commodities which are domestically used. Exports are possible only when foreigners can exchange their money for United States dollars at a favorable ratio. If foreigners must pay too many units of their currencies to obtain dollars they will not buy in the United States. Foreigners who buy our produce, owe us dollars. They must be able to obtain dollars to pay their bills without having to pay too many units of their own currency.

22. What does the Constitution say about the exchange of dollars for other foreign currencies?

The Constitution specifically mandates Congress to regulate the value of money and of foreign coins.

23. Does the word "regulate" mean stabilize?

Emphatically, ho. The fact that internationalists have stabilized our currency enables them to play countries against each other. The very word "regulate" is a mandate to change the ratio at which dollars exchange for other currencies in accordance with well known scientific principles. That is in accordance with actual demand and supply and in accordance with changes in price levels within our own country or within the countries to which we are exporting.

24. Then, does it follow that the abolition of fixed ratios for the exchange of dollars for other currencies would benefit not only raw commodity producers but all classes?

Yes, it would enable us to enter the export markets with finished goods as well as with raw commodities.

25. Is the United States interested in exporting raw commodi ties and goods?

Yes, it is important that we export some of our basic raw commodities, such as wheat. And it is very desir-able that our people, in turn, be able to buy certain luxury items in other countries.

26. Is it true that we now export only about 5% of our total production?

Speaking of production as a whole, that is true. But in certain single commodities we export a much larger percentage. Abolishing a fixed ratio and permitting exchange ratios to rise or fall in response to demand and supply and in accordance with changes in price levels in other parts of the world is the desirable situation. This would facilitate and expand enormously both domestic and foreign trade. Because foreign exchange is stabilized on a fixed gold basis we are suffering from artificial barriers. "Regulation", not "stabilization" is the key to the solution. Regulation of money demands a free gold and silver market.

27. What is a free gold or silver market?

One where the price of gold or silver is arrived at by the fundamental law of supply and demand, not one where the price is arrived at by government or central bank decree. (See Appendix II.)

28. How does an adequate volume of money affect raw material prices?

It increases mass purchasing power and, hence, affects the demand for food supplies, clothing, etc.

29. Should metal be used in settling international trade bal ances?

Yes, so long as other countries wish to use metals, the United States will meet their desires.

30. Why are trade balances specified?

Because no government should allow international speculators, arbitrarily, to transfer huge sums of money from one country to another merely for manipulative purposes. Foreign exchange should be allowed to take care of all legitimate balances of international trade. What is objected to and what is vicious is the arbitrary movements of enormous speculative balances between the various money centers of the world. These huge transfers are carried on merely for the purpose of tear' ing down price levels and playing countries against each other for the personal profits of the manipulators who control and operate on a fixed, stabilized gold standard.

31. If gold is used to settle international trade balances, should it have a fixed price?

No, the number of dollars per ounce of gold should correspond with the purchasing power of the number of units of other currencies. (Exchangeable for an ounce of gold). This will prevent internationalists playing one country against another.

32. May silver also be used to settle international trade bal ances?

Yes, if other nations wish to use silver. The United States has ample domestic sources to obtain silver and could enter the world markets as well.

33. Besides establishing raw material prices in proper propor tion to finished goods, what other important relationship between money and wealth should be observed?

The whole price structure must be high enough to prevent those who have fixed income claims, such as bonds, from receiving too large a share of the new wealth produced each year. When the holders of fixed income can buy too much wealth with their dol-lars, the working classes suffer. No honest person wants to defraud people who have fixed incomes. As a whole, all people (excepting the few who benefit from manipulations) with fixed incomes would be tremendously benefited by an honest price structure, for they would then have assurance that their fixed claims could be received and exchanged for wealth. The properties into which their funds have been placed (as loans) would be in full production, and their in-comes would be received regularly.

34. Is it proposed that the volume of money be changed to meet the demand of politicians?

Emphatically, no. The volume should be changed only in accordance with well defined scientific princi-ples. Once equitable price levels have been established and full employment exists, the new additions to the money stream each year would be relatively small amounts of money.

35. Why would the new additions of money each year be relatively small?

After equitable general average price levels and full employment have been attained they must be kept stable.

New money can be paid into use only after genuine sav-ings invested in producer goods and consumer goods in process have so increased the rate of production that additions to the money stream are necessary to main-tain the established price levels.

36. Would savings be unnecessary or be discouraged under an honest money system?

Emphatically, no. Savings are absolutely necessary. The consumer wealth in process (being manufactured from raw commodities into finished goods) and the cost of all producer goods used in processing them must be financed out of savings. Genuine abstinence, to the full amount of the cost of goods in process and pro-ducer goods, is necessary, if honest price levels are to be maintained.

37. Would it ever be necessary to cut down the volume of money?

Yes, if the nation were to suffer from famine, flood or some force beyond the control of man so that actual wealth was destroyed. When there is less wealth to be exchanged, the volume of money must be cut down. Or again: If factories and machinery were destroyed through cyclones, fires, etc., it would be necessary to cut down the volume of money, because there would be less exchangeable wealth in existence.

38. Why is it essential to have private investment (genuine savings) going into the construction of producer goods?

(a) Because producer goods, as they wear out and become obsolete, must be replaced.

(b) About half of the workmen in this country are employed in the heavy construction industries. When legitimate private construction cannot proceed, these workmen are automatically forced to remain idle.

39. Is there a reasonable need for more producer goods in a nation at any time?

Yes, whenever reasonable want exists in the midst of plenty. For example, we need millions upon millions of new homes. But we permit an artificial constriction of our money system to keep workmen idle and the people in need of the very things which these work-men are able and ready to produce.

40. Is there any need for suffering want in the midst of plenty for a lack of money?

Absolutely no, because money is not wealth. There should be sufficient money injected into the money stream to enable the producers to produce, workers to work, and thereby create a supply to meet the reason' able demand at a profit for all engaged in any produc tion or distribution.

41. If debts are contracted with cheap dollars when there is sufficient money in circulation, is it just and scientific to demand that these debts be paid back with dear dollars because there is less money in the money stream?

It is neither just nor scientific. If the price per hour for a laborer is $1.00 and, because there is not suffi-cient money in the money stream, the price for labor is reduced to 75 cents an hour, it would mean that, if that laborer had borrowed money previously when more money and high labor prices were in existence, he would be forced to repay his debt by one'third more labor plus interest than he had contracted. There should be 100 pennies always in a dollar. By that is meant that the same amount of work performed by the laborer in 1928 should be sufficient in 1935 to meet his obligations.

42. Under our present dishonest system do bankers arbitrarily alter the price levels and thereby compel the borrower to pay back more (purchasing power) than he received?

Yes, bankers alter the price levels:

(1) By increasing the volume of money without a previous proportional increase in the rate of production.

(2) By decreasing the volume of money, thereby leaving goods and labor, either unsalable or salable only below the cost of production.

43. How would new money be paid into use?

When more money is needed, the Government would print it and pay it into use through the channels of legitimate government expenditures until the proper level of money would have been reached.

44. After honest price levels are established, would additions of money alter the price levels?

No. They would not decrease the value of previously outstanding money, because the new money would be added to existing amounts only after the rate of national production was increased. Thus, steady price levels would be maintained, despite increased produc-tion.

45. How would production be increased normally?

(a) By removing restrictions to production caused by artificial constriction of the medium of exchange.
(b) By an increase in population thereby increasing the demand.
(c) By citizens requiring more goods or services.
(d) By more citizens rising from below the standard of American living to the plane of the American standard of living and even beyond.

With our vast amount of raw wealth together with our army of scientists, engineers and skilled workmen it is not only possible but desirable that this plenty-for'all be produced and distributed.

46. Then, does not social justice advocate a redistribution of existing wealth?

No. Social justice demands the production of new wealth and its equitable distribution on the basis that there is plenty for all, if sufficient non-interest bearing money is paid into the money stream by the Govern-ment to establish equitable prices thereby enabling the reasonable demands of all citizens for goods and services to be supplied. Be it repeated that money is not wealth and that money should be our national servant, not our master.

47. What is the chief racket of the private money creators today?

The chief racket of the private money creators today is their juggling the totality of outstanding money so as to juggle the price levels and thus manipulate the debt-paying power of money. The power of private individuals to juggle the price structure would be destroyed forever, if money were issued honestly and in accordance with well-known scientific principles.

48. Who would benefit by all new additions to the money stream?

As long as the nation is a going concern, it must have a money system. Therefore, the people should and would be the only power allowed to get the benefit of the orig-inal purchasing power of interest-free money as it is paid into the money stream. Private bankers now re-ceive the "something for nothing" in the form of un-earned interest on money which they lend into existence and which, arbitrarily, they can call out of exist-ence. It is true the banker does not create money for his own spending, but he does create money for the purpose of enriching himself upon the unearned and fraudulent interest. Every time a private banker orig-inates money to lend, he is levying indirect taxes upon all, and when he curtails the volume of money, he may legally confiscate property.

49. Is it reasonable to state that, if the government issues money, it will issue it in too large a volume?

No. Those empowered to issue money would have no incentive to over-issue money. They would not be the beneficiaries of the new purchasing power. Rather they would be held directly responsible for any unjust additions to the money stream. Full facts and figures regarding the volume of money in existence would be completely publicized in a manner intelligible to everyone who can read simple figures.

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CHAPTER V

THE NATURE AND FUNCTIONS OF BANKS UNDER AN HONEST MONEY SYSTEM

1. Who should own all the local banks?

   Local banks should be owned by privately owned corporations chartered by the respective States wherein they are located. The Federal Government should coin and regulate all money, but private banks should lend money owned by private citizens.

2. Should these banks just described be controlled in any manner by the Government?

   Since these privately owned banks are State chartered, they should be controlled by the State. It should be the duty of the State government to set up equitable rules and regulations under which these banks must operate.

3. With what kind of money would the banks do business?

   These banks would do business only with United States legal tender which private individuals or corporations actually brought to the banks.

4. In what classifications should banks divide the money de posited?

   (a) The banks should divide the money deposited into demand deposits, which funds could not be loaned to others and which the depositors (own-ers) may demand and receive at any time (with-out notice).

   (b) Into time deposits which funds may be loaned for a specified time and cannot be legally claimed for withdrawal until expiration of the time limit.

5. Would business men, or others, be able to borrow money?

   Yes. All time deposit money would be available for lending purposes.

6. Should business men, or others, be allowed to borrow money?

   Yes. Genuine loans for business purposes are neces-sary.

7. Could bank checks still be used?

   Yes. Transferring money by means of bank checks should be continued. It is a convenient mechanism.

8. Should the national government have anything to do with the transfer of funds between banks or with the mechan ics for clearing checks?

   No. The private banks can efficiently handle all me-chanics of transferring money and they should be re-sponsible for setting up and maintaining an efficient check clearing system.

9. Would it be possible for the banks to lend more money than they had in their possession as is their present prac tice?

   No. It would not be possible provided that monthly statements of all deposits in every bank be publicized. The total amount of deposits, plus the money in the pockets of the people, would equal the total amount of money that has been paid into use by the Con-gressional Board of Money. Simple, publicized figures would prevent any bank from lending more money than it had or lending out a part of its demand de-posits.

10. How would the banks earn a profit?

    They would charge a service fee for handling both demand and time deposits.

11. How could banks protect themselves against theft when they transfer United States legal tender to settle balances with other banks?

The government could issue some large denomina' tion currency and exchange it with banks for small denominations. Such large denominations could be re-ceived from or used only as between banks. That is a mechanical detail which could be worked out.

12. Would corporations or individuals notice any difference in their own money settlements?

No. Banking mechanics for either borrowers or depositors would be the same as now.

13. When a bank customer wanted to exchange dollars for pounds, francs, yen, etc., what would the banks do?

The banks would send dollars to the agent in that city acting for the Congressional Board of Money and ex-change them for the foreign currency wanted. If the exchange of dollars for yens or francs or pounds be executed on a gold basis, it is absolutely understood that gold should have no stabilized price, but must have a free market price the same as any other com-modity.

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CHAPTER VI

EFFECTS OF A DISHONEST MONEY SYSTEM

What will happen if the present money system is continued and if the present policies endure?

1. Private individuals will coin money for their own personal gain.
2. Corporations organized for production, such as automobiles, steel and textiles, will be under the domination of the private money creators.
3. The government itself will be dominated by the money plutocrats.
4. The press, dependent upon advertising received from banker-dominated corporations and commer-cial houses, will continue to deceive the people.
5. The educational system will continue to ostracize the truths of economics from our schools.
6. An uninformed citizenry, forced to work either on the mortgaged-controlled farms or in the bank-er-controlled industries, will receive a less-than-living annual wage.
7. Through the international manipulation, of gold and money engineered by a small group of money creators living in each country, wars will continue to ensue.
8. The only prosperity which will come as a breath-ing spell will be that prosperity enjoyed as we prepare for war and fight the war.
9. The issue of non-productive bonds will continue to sap the profits of production through the process of taxation for the benefit of the creators of debt.

10. Those who now condemn loudly the danger of inflation in order to save the present money system are those who are introducing a greater flood of inflation than was ever experienced by any nation in the world.
11. The citizens, weighed down by the unbearable costs of war and depression, will be inclined to blame a democratic form of government and unwittingly relinquish the liberties already won for the bare necessities of life, which the plutocrats will allow them only at the sacrifice of liberty.
12. Dictatorship, be it that of the communist, of the fascist or of the extreme socialist, will necessarily ensue.
13. Christianity, which teaches the principles of social justice and upon which is founded the sovereignty of the Government's right to coin and regulate the value of money, will be disavowed because Christianity will be blamed for putting war into the world instead of peace, poverty instead of prosperity and hatred instead of love.
14. The children of future generations shall be the scape-goats whom we are forcing to bear the sins of an unintelligent money system which, anticipating their birth, already has mortgaged their life's income.
15. Chaos in law, in government and in civilization eventually will result.

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CHAPTER VII

ADVANTAGES OF AN HONEST MONEY SYSTEM

What will happen after an honest money system is established? An honest money system will help us:

1. To restore sovereignty over money to its rightful possessors, namely, the People, through Congress.
2. To insure the lastingness of democracy.
3. To rid Congress of servile politicians.
4. To make possible the attainment of a just, living annual wage for the worker and production at a profit for the farmer.
5. To prevent confiscation of honestly acquired property and savings of the people.
6. To eliminate from domination over the govern-ment the manipulators of money who oftentimes were the cause of war.
7. To insure lasting peace among nations whose gov ernments will be able to legislate laws independent of the international money changers.
8. To make possible the real freedom of the press and the teaching of the truth in all schools, freed once and for all from the domination of money creators.
9. To insure independence for industry which today is dominated by finance.
10. To insure equitable credit for all manufacturers who are willing to pay a just, living wage for the production of a good product.
11. To enable every manufacturer to pay a just, living, annual wage free from the competition necessitated by the private control of money.

12. To eliminate the existence of non-productive bonds, such as Liberty Bonds, originated to borrow money for digging shell holes and killing soldiers.
13. To lessen the burden of taxation.
14. To re-establish banking on its original plane, namely, to make of it a function whereby the bankers will guard your money safely or will invest it to the best of their ability and divide the profits with you or will lend it to your fellow citizens for their welfare and the welfare of the social body.
15. To permit Christian virtue to be practised when want is destroyed in the midst of plenty.
16. To enable the youth of the land to marry: Young couples will look forward not into the shadows of depression but into the sunshine of prosperity.

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L'ENVOI

In the preceding pages I have tried to explain briefly and clearly the fundamentals of the money question. My only purpose in having published this book is to help the American people to free themselves from a form of slavery which is more hostile to their well-being than was the physical slavery opposed by Lincoln or the political slavery vanquished by Washington. Without economic freedom, both physical and political liberty are meaningless. Their existence depends al-most totally upon financial freedom. It is essential that we Americans recapture our sovereign right of coining and regu-lating our money and of foreign coin. It is essential that we cease paying tribute to the Federal Reserve Banks who create our money out of nothing and lend it into use with an invis-ible tax appended to it. It is either your money or your life.

The publication of this book will have been in vain unless you who have read it will chisel a channel from your understanding minds to your active, forceful hands.

You must act like apostles who have learned the truth. You must spread the gospel of financial freedom even at the cost of life itself.

Behold the oppressor's heel in Russia as it tramples upon liberty!

Visualize the regimented millions in Germany and Italy! Because the peoples of these nations failed to understand and to execute the simple laws of financial sovereignty they suffered selfish tyrants to destroy their political and physical liberties for the price of a crust of bread.

Shall not America profit by these flagrant examples? Therefore, form your battalions, independent of the leadership of the press, the politician and the poltroon! Cast aside your lethargy!

With your eyes fixed firmly on the future of your children, I appeal to you, in the name of patriotism, to leave this country a better place than you found it.

In the name of Christianity I implore you to participate in duplicating the miracle of the Master Who fed the hungry multitudes. This can be accomplished by insisting, by demanding the institution of an honest money system, even though it may be necessary, when ballots fail, to revive the spirit of '76.

America is still the land of the free and the home of the brave!

As our forefathers said in their struggle for political liberty, we, the members of the National Union for Social Justice, repeat:

> "We mutually pledge to each other our lives, our for-tunes and our sacred honor."

The money changers must be driven from the temple of America.

If we of this generation, numbed with the opiate of in-difference and cowered by the appeals to selfishness, fail to dislodge the radical rule of the money changers, may we go to our graves unwept, unhonored and unsung!

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APPENDIX I

THE FEDERAL RESERVE

Section 1.

The following is a somewhat detailed explanation of the means by which Federal Reserve Banks control the mem' ber banks.

1. Each member (local) bank must keep on the books of the Federal Reserve Bank 13% of the amount of its total de-mand deposits, and 3 % of the amount of its total time deposits (savings). If a bank has $1,000,000 demand deposits it must have a minimum deposit of $130,000 on the books of the Federal Reserve Bank. If it has $500,000 time deposits, it must have an additional minimum deposit of $15,000 on the books of the Federal Reserve Bank. This total deposit of $145,000 of the member bank on the books of the Federal Reserve Bank is called its reserves. This "reserve" account must be kept at a minimum of 13% of total demand deposits, and 3% of time deposits, for the banks of all large cities. Banks located in smaller cities are required to keep 7% of the total amount of their demand deposits on the books of the Federal Reserve Banks.

Each Federal Reserve Bank must have a fractional amount of gold or gold certificates back of the total amount of deposits of member banks. Until the Banking Act of 1933 was passed, the law required each Federal Reserve Bank to keep, in gold, 35% of the amount of the reserves of the local banks on its books. In other words, for the member bank above described, which had a $145,000 deposit at the Federal Reserve Bank, the Bank was required to have 35% of $145,000 in gold. Thirty-five per cent of $145,000 is approximately $51,000. In other words, $51,000 was the gold base for the creation of bank-deposit money (credit money) to the extent of $1,500,000.

2. This is the famous gold standard, called conservative, and eulogized as sacred. Think what a collapse takes place when a small amount of gold is taken out of the base. The pyramid collapses like a house of cards. Is this not positive proof that the Gold Standard has always been a fake and a fraud?

3. To understand fully how easy it is to manipulate the total volume of money by increasing or decreasing the gold base, the reader is referred to "Money Creators" by Gertrude M. Coogan, and "The Bankers Conspiracy" by Arthur Kitson.

4. As was previously explained, our money comes into existence only through the process of banks making loans to individuals, corporations, or the government. As a member bank builds up its deposits (credit money) through making loans, it must keep fractional amounts of those deposits called reserves, on the books of the Federal Reserve Bank.

5. If a bank has made all the loans legally possible with its existing reserves, it may take the note of a business man, or a government bond, and either sell it directly to the Federal Reserve Bank or borrow from the Federal Reserve Bank, using the business man's note or government bond as collateral.

6. If the $10,000 note of John Jones is sold to the Federal Reserve Bank, it will pay the member bank the face of the note, less the interest charged for the unmatured period. The rate of interest charged the member bank by the Federal Reserve Bank is known as the rediscount rate. Raising the rediscount rate changes the value of all of the government bonds in the portfolio of each member bank. If the rediscount rate is raised from 3% to 9%, as experienced in 1920 when the agricultural banks were deliberately collapsed, the rate the government would have to pay to "sell" new government bonds to the banks, would be increased correspondingly. The current rate on government bonds is, therefore, determined by the rediscount rate.

7. If a government bond carries a 3% coupon, its market price will drop, if the government pays a higher rate on new bonds. No person would pay $100 for a government bond paying 3% when he could buy one at the same price paying 5%. Consequently, the 3% bond would sell below $100 to yield the same amount as the bond carrying a 5% coupon.

(See pages 60 to 66 in "Money Creators" and learn of the bankers' secret meeting to pauperize farmers, and why "Liberty" Bonds dropped to 80 in 1920).

As the price of Government Bonds drops, the market value of all bonds belonging to local banks drops. This reduces the surplus of each member bank. When the surplus falls, the amount of outstanding loans must be cut. Hence, raising the rediscount rate forces local bankers to call loans and cancel money out of existence.

8. Another weapon whereby the Federal Reserve Banks can cut down the reserves of the local banks is called Open Market Operations. Through this arbitary power local banks can be forced to buy outstanding issues of government bonds, either directly from the Federal Reserve Bank or from the public (bonds owned by the people and kept in their safety deposit boxes). To do this the local bank must use part of the reserves it has on the books of the Federal Reserve Bank to purchase such government bonds. When a bank uses its reserves to purchase government bonds through Open Market Operations, it cuts down the amount of its deposits (reserves) on the books of the Federal Reserve Bank. When it cuts down the amount of those deposits it is cutting its reserves. As its reserves are cut down it must call loans, thereby decreasing its own deposits and the volume of money in existence.

Section 2.

1. What bookkeeping entries are made on the books of a Federal Reserve Bank when a member bank gets Federal Reserve Notes?

   The Federal Reserve Bank debits the Reserves of the member bank, and credits an account called Circula-tion for the amount of the Federal Reserve Notes sent to the member bank.

2. When a Federal Reserve Bank releases Federal Reserve Notes to a member bank, what happens?

   The Governor of the Federal Reserve Bank gives to the Federal Reserve Agent (who plays a Dr. Jekyll and Mr. Hyde role;—see "Money Creators", page 144), 60% in government bonds and 40% in gold certificates for each dollar's worth of Federal Reserve Notes issued to a member bank. In other words, the total figure carried in the Circulation account of a Federal Reserve Bank must be offset on the asset side of the Federal Reserve Bank's statement by 40% in gold certificates and 60% in government bonds.

Section 3.

1. What does the item "Cash and Due from Bankers" mean on the statement of a local bank?

   This item means the small amount of actual currency on hand in the bank, plus the very much larger amount of bookkeeping money which is owed to this particular bank either by the Federal Reserve Bank or by other banks.

2. Why are "Cash" and "Due from Banks" united into one item on all bank statements available to the public?

   Because if the public realized how little real cash all the banks have in relation to what they pretend to have (deposits), the basic crookedness of the banking' monetary system would be more apparent

3. Is there any currency in use in America today that was originated and issued by the Congress of the United States?

   Yes, there is $346,000,000 United States Notes which were paid into use by Congress upon the recom-mendation of Abraham Lincoln. This small amount of interest-free money has saved the American taxpayers over eleven billion dollars (figuring compound interest at 5%). The following is a discussion of this Lincoln money—maliciously called "Greenbacks".

"LONDON BANKERS EXPRESSED FEAR THAT UNITED STATES WOULD ESTABLISH A CONSTITUTIONAL MONEY SYSTEM.

"At the time Abraham Lincoln was struggling to thwart the vicious schemes of foreign bankers and set up a money system, as the Constitution of the United States provided, London international banker-controlled newspapers were expressing great fear. The fear was that the United States would establish an honest money system and be forever free from the clutches of the International Bankers. The following is taken from the London Times:

" 'If that mischievous financial policy, which had its origin in the North American Republic during the late war in that country, should be-come indurated down to a fixture, then that Gov ernment will furnish its own money without cost. It will pay off its debts and be without a debt. It will have all the money necessary to carry on its com-merce. It will become prosperous beyond prece-dent in the history of the civilized governments of the world. The brains and the wealth of all coun-tries will go to North America. That government must be destroyed or it will destroy every mon-archy on the globe.'

"Please note their clever appeal to the mon-archs, their debtors." ("Money Creators"—P. 217.)

APPENDIX II

FOREIGN EXCHANGE

1. What is legal tender?

   Money which may be legally offered for the payment of debts.

2. Are American dollars legal tender in any other country?

   No, money of any nation is legal tender only within that nation.

3. When purchases of goods or services are made in other countries, what must the purchaser do to settle the debt?

   He must exchange the money of his country for that of the other country to get the kind of money owed to the seller.

4. What then is foreign exchange?

   Foreign exchange is direct barter of monies used in different countries. e. g.: Exchanging dollars directly for pounds, francs, marks, yen, etc.

5. What is the Foreign Exchange Market?

   It is the place where these exchanges of the different currencies are made.

6. Are the currencies of the various countries convertible into gold at a fixed ratio?

   When any country is on the Gold Standard, its cur-rency is convertible into the commodity gold at a fixed ratio—a fixed number of paper dollars, francs, shillings, etc. per ounce of gold.

7. Is the price of gold in the terms of paper currency of any country an arbitrary matter?

   Yes, whether an ounce of gold in the United States can be exchanged for $20, $30, $40, $50, or $1,000, is a man-made rule.

8. Is the ratio at which the different paper currencies convert into gold important?

   Yes, because when currencies are convertible into gold at fixed ratios, gold is the common denominator. e. g.: Prior to 1929, one ounce of gold bought 85 paper shillings, 21 1/2 paper pesos, 42 paper yen, or 20.67 paper dollars. In terms of gold and exchangeability (barter) for each other, 85 shillings was equal to 20.67 dollars, or 42 yen, or 21 1/2 pesos, etc. If the number of units of currency exchangeable for gold were raised in any country, the ratio at which its currency would exchange for the currencies of other countries, that had not altered the gold ratio, would change. e. g.: If England raised the number of shillings exchangeable for an ounce of gold from 85 to 153, 85 shillings would then buy only approximately 14.68 dollars. (85 to 153 is an 80% increase; 85 is 55% of 153. Therefore, 85 shillings would buy only 55% of 20.67 dollars, or 14.68 dollars).

   If the price of gold in terms of paper dollars were increased 80% in America, an ounce of gold would then be exchangeable for 37.20 dollars. If both England and America raised the ratio of gold to paper currency, the same percentage, 85 shillings would again buy 20.67 dollars.

9. Why is the ratio at which the various currencies exchange into gold important?

   So long as other countries reckon exchangeability in terms of gold as a common denominator, any country that is exporting goods must change the ratio by the same amount as the country to which it expects to ex-port or with which it wants to compete in world markets.

10. Why?

Importers will not buy goods from a country that has not raised the ratio because they will have to give more units of their currency to get currency of the country from which they are importing. If an importer bought wheat in America and agreed to pay $1,000, when the ratio of shillings per ounce of gold was 85, and dollars for gold was 20.67, he would have to pay 4,108 shil-lings to obtain $1,000. If the ratio of exchangeability of shillings for gold were raised from 85 to 153, while kept the same in America—at 20.67—he would then have to pay approximately 7,394 shillings for $1,000 of American money.

Any school boy can see that an importer in the world's raw material markets at Liverpool will not buy wheat, cotton, or pork in America if he has to pay more shil-lings to get the dollars to pay the American exporter. If other raw material exporting countries change the ratio for which their currencies exchange for gold, an importer will buy raw materials only in a country that has changed its ratio.

What is here illustrated is exactly what happened from the Fall of 1929 until April of 1933. Argentina, which was our competitor in the world export markets for wheat and pork products, raised the ratio at which her currency was exchangeable for gold. America did not. From the Fall of 1931 England, all of the British Colonies and Japan (our competitors in the world export markets) increased the gold ratio. Importers into the world raw material markets, which are located in Liver-pool, would no longer buy in America because they would then have to give up more shillings for the same quantity of wheat, cotton, pork, etc.

That is what excluded us from export markets. On April 19, 1933 America left the fixed ratio of 20.67 dollars per ounce of gold and began to raise the ratio. As we began to raise the ratio agricultural prices started to rise.

11. Why?

    Because we were getting our currency in line with the rest of the world, so that importers could buy from us without our cutting prices below the world level, or forcing them to give up more units of their currency than they would have to pay to buy in other countries.

12. How much was the price of gold raised in America?

    Between April 19, 1933 and January 30, 1934, it was raised from 20.67 dollars per ounce to 35 dollars, an increase of 69%.

13. Was this right, and advantageous to America?

    Yes, the crime committed was that we did not raise the ratio as much as had other raw material exporting countries.

14. At what price per ounce of gold are we now stabilized?

    The price of gold in terms of dollars is fixed at $35.00 per ounce.

15. Why then are we now excluded from the export mar kets?

    Because we did not raise our ratio as much as did other countries.

16. How is it possible and profitable for foreigners to import the very same raw materials which we are coercing our farmers into destroying?

    Because those who import into this country are owed dollars. When they convert dollars into the curren' cies of their own country they receive enough units in the exchange to make the operation profitable.

17. Is that the reason America is importing raw materials and finished goods into every port?

    Yes, and this condition will continue until we raise the ratio at which our currency converts into gold (or exchanges for other currencies) the same percentage as other important raw material exporting countries.

18. Is it destructive to America to have the exchangeability of her currency for gold below the ratio of other coun tries?

Yes, it is destroying American farmers and manufacturers. It places raw materials and finished goods produced with underpaid labor in unfair competition with American farm products and industrial goods. (For a complete discussion of how other countries have raised the currency prices of gold, and its serious effect upon America, the reader is referred to "Money Creators" by Gertrude M. Coogan, Chapter 8).

19. What was the Gold Bill of 1934?

This bill authorized the stabilization of the dollar at $35.00 per ounce of gold, and gave to the Secretary of the Treasury a $2,800,000,000 secret fund.

20. Is that secret fund of advantage to America?

No. It serves only the destructive purposes of international bankers.

21. Where is the only free gold market in the world?

In London.

22. What is a free gold market?

A free gold market means that gold is bought in unlimited quantities but not at a fixed number of currency units for each ounce. In other words, the number of units changes. e.g.: The price may be 130, 135, or 140 etc., paper shillings for an ounce of gold.

23. Why do international bankers promote international loans?

Because they want to borrow money in other countries, and take the proceeds of such loans from each country, not in the form of consumable wealth but in the form of gold. When they move gold out of a country which uses gold as the base of its loan-money structure, the price structure of the country from which they take gold is pulled down. They borrow money in one country and buy goods in another country that has lower price levels; then pull the gold from the country in which they have borrowed and ship it to the country in which they have made purchases of low cost goods. This enables them to play one country against another and keep wages in all countries down to the level paid in the poorest and most backward countries. Thus, our laboring classes have been pauper-ized and are dragged down to the level of the underpaid laborers of Europe and Asia.

24. What does the term "international banker" mean?

A private banker or owner of an investment house that sells foreign bonds; establishes bank balances in the various countries of the world and pulls those balances out in the form of gold, generally with the deliberate purpose of tearing down the money structure and price levels of the country from which they export gold.

25. Did the international bankers sell foreign bonds to the American public and take the proceeds out of this coun try in gold?

Yes, a substantial part of the gold taken out of the United States in 1930, 1931 and 1932 was gold bought with bank balances which were the proceeds of these worthless foreign bonds.

> "What followed was a revelation in the abnormal possibilities of international finance. . . There lay the great American gold reserve, five billions of it, exposed and unprotected. Europe had the keys to it. The keys were those credit balances in New York banks, payable in gold on demand. And where these balances represented, as many of them did, the untouched proceeds of recent American loans to Europe. . . The American gold reserve was defenseless." (From "A Bubble That Broke the World" by Garet Garrett, page 103).

26. Are the international bankers the rulers of the world?

Yes. When they are able to manipulate the money structure of the various nations, they dominate and control both the economic and social life of any nation wherein they carry on their manipulations.

27. Why are international bankers determined to have the currency of America exchangeable for gold at a fixed ratio?

Because they can manipulate our money structure only so long as they can buy gold for a fixed number of dollars. As they move gold out the structure collapses.

28. What does "freeing" the exchanges mean?

Freeing the exchanges means allowing the number of dollars exchangeable for a given number of shillings, francs, marks, etc., to rise or fall only in accordance with the demand and supply. e. g.: When one ounce of gold was exchangeable for 20.67 dollars, and 85 shillings were exchangeable for one ounce of gold, $4.86 would buy in the foreign exchange market one pound sterling. If there were a large demand for pounds sterling and the cost rose to $4.90 for one pound ster-ling, it reached what was called the gold point. The difference between $4.8667 and $4.90 would cover the cost of shipping, insuring, and handling the commodity gold.

When gold could be bought and shipped, no one would pay more than $4.90 for a pound sterling. He would buy and ship gold. When the gold reached a foreign country, it could there be exchanged for the currency of the country to which it was sent. A heavy demand for pounds sterling and gold obtainable in any quantities desired caused a collapse in the coun-try, for gold is the base of our domestic loan-structure. If the exchanges were "freed", instead of being able to pay for imports or transfer vast balances of specu-lative funds in gold at a cost of 4.90 per pound ster-ling, the cost would rise in accordance with the demand.

In other words, it might be $4.95, $5.00, $5.10, etc., per pound sterling. Under these conditions an importer would have to pay the going price to obtain pounds sterling to settle a bill he owed in London. If the price of pounds sterling under a free exchange rose so that he would have to pay too large a number of dollars to buy a pound sterling, he would not buy in a foreign country unless he could obtain a particularly attractive price, or was buying a product that was produced more advantageously in that country.

29. Since withdrawing gold collapses our loan-money struc ture and causes unemployment, foreclosures, bankruptcy, why do the American people tolerate such vicious and un sound practices?

Because honest men and women have not understood the internationalists' secret weapons used to despoil them of their properties and income.

30. Would freeing the exchanges and permitting the price of gold to rise and fall in accordance with movements of general raw commodity price levels and the demand for foreign exchange, destroy the international bankers' illicit power to manipulate the economic system of this country?

Yes, that is why international bankers move heaven and earth and prate piously to force the country to ac-cept a fixed ratio for gold. It is their reason for having stabilized the price of gold at $35.00 per ounce. Their propaganda for a stabilized ratio deceives honest Americans.

APPENDIX III

POWER AND MACHINERY

1. Does the use of power and machinery cause unemploy ment?

   No. It lessens the labor and time of production, and has made possible shorter hours for workers. Unem-ployment has other causes.

2. Does the widespread use of machinery benefit all classes of society?

   Yes, because is makes possible a larger volume of new wealth each year.

3. Is it wrong to say that the present depression was caused by the increased use of machinery?

   Yes, and only misleaders of labor, self-styled econo-mists, self'seeking speakers and traitorous writers and other vicious or ignorant persons will make such state-ments.

4. Does it follow, then, that with the advance of scientific knowledge and the use of power and machinery, the people at large will enjoy an increase in the use of wealth as years pass?

   Not necessarily. We possess these possibilities now, yet poverty is increasing rapidly year by year.

5. Then what is wrong?

   Is it with ourselves? We do not think; we merely feel, and then only for ourselves. Instead of reasoning out the why and wherefore of our senseless situation, we calmly tolerate idle factories and workers, goods produced and not distributed; people who produce the goods in need of them but without the money neces-sary to buy them or the opportunity to earn it. Pov-erty and unemployment coexistent with abundant natural resources and unused plants and machinery, are contradictions.

6. What should determine the volume of wealth Americans should be able to produce and distribute each year?

    The natural resources, the plants and equipment in efficient condition, and the number of workers able and willing to direct the processes of production and distribution together with the consumptive capacity of the people.

7. Who is responsible for the present deplorable conditions in which we exist?

    Those who hold the privilege of creating and control-ling the volume of our medium of exchange. Our vicious money system will not permit full production and dis-tribution. It is so devised and administered that a small group of men can acquire wealth, and in abundance, without the necessity of ever helping to produce it, while those who do are, by the same device, deprived even of the necessities of life.

8. How could all classes of society be permitted to share abundantly in the production made possible by the year to year increase in the use of power and machinery.

    By making our money system honest, scientific and in accordance with the Constitution of the United States. In short—debt-free money paid into use by the Congress of the United States in ample volume to maintain equitable price levels and full employment.

APPENDIX IV

DISCUSSION OF FIAT MONEY — INFLATION, DEFLATION, ETC.

FIAT MONEY: This term is used by the money changers and their fake economists to mislead and suggest that it is wrong for the Government to create money. The truth is that all money is fiat money. The word fiat means "let it be made". The astounding fact is that today we accept the puny fiat of private individuals rather than the only honest fiat, that of the United States of America.

NATIONAL CREDIT: The National Government has the sovereign power to originate a sufficient volume of United States money to establish and maintain equitable price levels. After that volume has been paid into use, the National Government has the power to borrow from its citizens a part of the genuine money in existence in the nation. In other words, this nation has the power to borrow the genuine savings of the people to meet a National need for spending. Once the amount of money had been built up to a volume adequate to establish equitable price levels, the new additions each year would be relatively small. Once money had been paid into use it would circulate for ever after, unless it were taken out of existence through taxation of the people. As the paper money wore out or became mutilated, it would be replaced by identical amounts of new United States money. The National Credit should mean what it does in the case of any private individual—the right to borrow genuine savings. Today the Government does not borrow the genuine savings of the people; it borrows money manufactured by the banks. The difference between the Government's right to issue an adequate volume of debt-free money, and its power to borrow money after it has issued the necessary medium of exchange, should be clearly distinguished and understood.

PROFITS: Profits are the earnings belonging to those who own the farms, mines, instruments of production, etc. These own-ers are entitled to an honest share of the new wealth produced each year. The term "production for use and not for profit" is deliberately misleading. Farmers have been produc-ing for use and not for profit since 1920. They have had enough of such production by this time. Production for use at an honest profit is necessary if private property rights and proper individualism are to endure. Profits should be the wages of those who have saved and acquired titles to property. Sav-ings are necessary and must go on to the amount necessary to finance the cost of new additions to the instruments of pro-duction and the consumer wealth in process of production. To destroy honest profits would destroy private property rights and Christian civilization.

INFLATION AND DEFLATION: Inflation means increasing the money supply, whether it be currency or bank credit money, out of all reasonable proportion to the goods and services to be exchanged with that money.

Deflation is decreasing the volume of money, whether it be currency or bank credit money, out of all reasonable proportion to the goods and services to be exchanged with money.

Vicious inflation means increasing the volume of money to the point where it has absolutely no purchasing power. In modern history, private individuals have deliberately destroyed the moneys of several nations. In France, during the Reign of Terror, in Russia in 1917, and in Germany in the 1920's, private money was issued in such volume that it became worthless, thereby ruining all but the manipulators who planned and executed the diabolical scheme. "This destruction of the value of currency (making it actually worthless) has never been brought about by politicians, but always by the international bankers themselves. It has never been the statesmen-politicians, but always the international bankers who have caused unjustified inflation wherever it has occurred in the past 150 years. There is not one example of a government which misused its national currency." (From "Money Creators", by Gertrude M. Coogan, Page 119.)

THE WAR POWER: The carrying on of a war requires a vast amount of money. When private individuals are manu-facturing money, they must manufacture it before it can be spent. Since they finance the wars, they must be the ones who want wars. Whoever pays the piper calls the tune. There fore, the international bankers are the War Power.

"To put it quite bluntly, the purpose of wars is to compel weaker nations to take surpluses off the hands of the stronger, running up debts if need be in order to pay for it. Then, the threat of further war is necessary to insure that the debts and the interest on them shall not be repudiated." (From "The Role of Money", by Frederick Soddy, Page 18.)

QUOTATIONS FROM PROMINENT MEN

Thomas Jefferson said:

"If the American people ever allow private banks to control the issue of their currency, first by inflation and then by deflation, the banks and 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 conquered. "I hope we shall crush in its birth the aristocracy of the moneyed corporations, which dare already to challenge our Government to trial of strength and bid defiance to the laws of our country." (From Jefferson's letter to George Logan, November, 1816.) "We are completely saddled and bridled, and the bank (the privately owned Bank of the United States) is so firmly mounted on us that we must go where they ill guide." (From Jefferson's letter to James Monroe.)

Benjamin Franklin's Biographer said:

"The most voluminous and systematic of Franklin's economic writings are his essays defending paper currency. Holding that the shortage of precious metals in the Colonies hindered trade, lowered land values and prices, encouraged usury, and so benefited the rich speculators at the expense of the working population..." (From "The Amazing Benjamin Franklin", Page 209, Edited by J. Henry Smythe, Jr.)

John Adams wrote to Thomas Jefferson in 1787:

"All the perplexities, confusion and distress in America arise, not from defects in their Constitution or Con-

> federation, not from want of honor or virtue, so much as from downright ignorance of the nature of coin, credit and circulation."

Andrew Jackson said the following words to the money changers who approached him in the drawing room of the White House:

> "Gentlemen, I have had men watching you for a long time and I am convinced that you have used the funds of the bank to speculate in the breadstuffs of the country. When you won, you divided the profits amongst you, and when you lost, you charged it to the bank. You tell me that if I take the deposits from the bank and annul its charter I shall ruin ten thousand families. That may be true, gentlemen, but that is your sin! Should I let you go on, you will ruin fifty thousand families, and that would be my sin! You are a den of vipers and thieves. I have determined to rout you out, and by the Eternal God, I will rout you out!"

James A. Garfield is reported to have said:

> "Whoever controls the volume of money in any country is absolute master of all industry and commerce."

Woodrow Wilson said:

> "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 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."

Pope Pius XI said:

> "In the first place, then, it is patent that in our days not alone is wealth accumulated, but immense power and despotic economic domination are concentrated in

> the hands of a few, and that those few are frequently not the owners, but only the trustees and directors of invested funds, who administer them at their good pleasure.
>
> "This power becomes particularly irresistible when exercised by those who, because they hold and control money, are able also to govern credit and determine its allotment, for that reason supplying so to speak, the life-blood to the entire economic body, and grasping, as it were, in their hands the very soul of production, so that no one dare breathe against their will."

In 1844 Lord Beaconsfield (Benjamin Disraeli) cited Lionel Rothschild as saying:

> "Can anything be more absurd than that a nation should apply to an individual to maintain its credit and, with its credit, its existence as a state, and its comfort as a people."

GREENBACKS: Secretary Chase on the "Greenback".

"What is a greenback? Did you ever think what it was? Why, it is simply the credit of this great American people put in the form of money, to circulate among the very people whose credit makes it good. When I was Secretary to the Treasury, the question arose, how should these vast armies and navies be supplied? How should the boys be fed in the field, the sailors in ships, and provisions be made for their support, their clothing, goods and transportation? I found the banks of the country had suspended specie payment. What was I to do? The banks wanted me to borrow their credit, or pay them interest in gold upon their credit. They did not pay any gold, or propose to pay any themselves, but they wanted me to borrow their notes. I said, no, gentlemen; this great American people is worth all of you put together. I will take the credit of the people, and cut it up in the form of little bits of paper, and we will circulate that paper. This is the true idea of the Greenback. It is the credit and property of the American people." Salmon P. Chase, Secretary of the United States Treasury under Lincoln. (From "Money; Its Nature and Function" by Charles Bonsall.)

Henry Ford said:

"The greatest thing in life is experience. Even our mis' takes have value for us. Take the matter of money, for example. There is no doubt that financiers have failed to do their best to give us an efficient money system. And yet it was their principal business to do that. "The function of money is not to make money but to move goods. Money is only one part of our transpor' tation system. It moves goods from man to man. A dollar bill is like a postage stamp: it is no good unless it will move commodities between persons. If a postage stamp will not carry a letter, or money will not move goods, it is just the same as an engine that will not run. Some one will have to get out and fix it."—American Magazine, October 1934. Pages 18, 19 and 154.

Rothschilds, International Bankers made the following commitment:

London, June 25th, 1863

Messrs. Ikleheimer, Morton and Vandergould, No. 3 Wall St., New York, U. S. A.

"Dear Sirs: A Mr. John Sherman has written us from a town in Ohio, U. S. A., as to the profits that may be made in the National Banking business under a recent act of your Congress, a copy of which act ac-companied his letter. Apparently this act has been drawn upon the plan formulated here last summer by the British Bankers Association and by that Associa-tion recommended to our American friends as one that if enacted into law, would prove highly profitable to the banking fraternity throughout the world. "Mr. Sherman declares that there has never before been such an opportunity for capitalists to accumulate money, as that presented by this act and that the old plan, of State Banks is so unpopular, that the new scheme will, by contrast, be most favorably regarded, notwithstand-ing the fact that it gives the National Banks an almost absolute control of the National finance. 'The few who can understand the system', he says 'will either be so interested in its profits, or so dependent on its favors, that there will be no opposition from that class, while on the other hand, the great body of the people, mentally incapable of comprehending the tremendous advantages what capital derives from the system, will bear its burdens without complaint and perhaps without even suspecting that the system is inimical to their interests'.

"Please advise us fully as to this matter and also state whether or not you will be of assistance to us, if we conclude to establish a National Bank in the City of New York. If you are acquainted with Mr. Sherman (he appears to have introduced the National Banking Act) we will be glad to know something of him. If we avail ourselves of the information he furnished, we will of course make due compensation. "Awaiting your reply, we are

Your respectful servants,

Rothschild Brothers."

An American International Banker, replies to Mr. Rothschild: Ikleheimer, Morton and Vandergould Private Bankers, Dealers and Brokers in Stocks and Bonds and Gold, and American Agents for the Investment of English Capital

Number 3, Wall Street New York City, July 5, 1863 Messrs. Rothschild Brothers, London, England.

Dear Sirs: We beg to acknowledge the receipt of your letter of June 25th, in which you refer to a communication received from the Honorable John Sherman of Ohio, with reference to the advantages and profits of an American investment under the provisions of our National Banking Act.

"The fact that Mr. Sherman speaks well of such an investment or of any similar one, is certainly not without weight for that gentleman possesses in a marked degree, the distinguishing characteristics of the successful modern financier. His temperament is such that whatever his feelings may be they never cause him to lose sight of the main chance. He is young, shrewd and ambitious. He has fixed his eye upon the presidency of the United States and is already a member of Congress. He rightfully thinks he has everything to gain both politically and financially (he has financial ambitions too) by being friendly with men and institutions hav-ing large financial resources, and which at times, are not too particular in their methods, either of obtaining governmental aid, or protecting themselves against un-friendly legislation. We trust him here implicitly. His intellect and ambition combine to make him exceedingly valuable to us. Indeed, we predict that if his life is spared, he will prove to be the best friend the monied interests of the world have ever had in America. "As to the organisation of a National Bank here, and the nature and profits of such an investment, we beg leave to refer to our printed circular enclosed herein. Inquiries by European capitalists, concerning this mat' ter, have been so numerous, that for convenience we have had our views with regard to it put into printed form.

"Should you determine to organize a bank in this City, we shall be glad to aid you. We can easily find financial friends to make a satisfactory directory, and to fill official positions not taken up by the personal repre-sentatives you will send over.

Your most obedient servants,
Ikleheimer, Morton and Vandergould."

The circular referred to is here inserted:

Ikleheimer, Morton and Vandergould Private Bankers, Brokers, Etc.

"We have had so many inquiries of late as to the meth-od of organizing national banks under the recent act of Congress, and as to the profits that may reasonably be expected from such an investment, that we have though best to issue this brief circular as an answer to all questions of our 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 can not 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 State laws, except as Congress may from time to time provide.

5. They can receive deposits and loan the same for their own benefit.

6. They can buy and sell bonds and discount paper and do a 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. The U. S. Government bonds can now he purchased at a 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. Treasurer at Washington as security for the national bank currency, that on the 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 of bonds, the interest paid by the government, will itself amount to 12 per cent in gold on all the money invested.

11. The U. S. Government, under the provisions of the national bank 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 to the amount of 90%

of the face of 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 greenback money, that many peo-ple do not detect the difference, although the cur-rency 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 cur-rency can be readily loaned to the people across the counter of the bank at a discount at the rate of 10% at 30 and 60 day's time, making about 12% interest on the currency.
14. The interest on the bonds, plus the interest on the currency which the bonds secure, plus the inciden-tals of the business ought to make the gross earn-ings of the bank amount to from 28 to 33%. The amount of dividends that may be declared will de-pend largely upon the salaries the officers of the bank 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 now common plan of having the directors buy the bank building and then raising the rent and the salaries 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 grant or withhold loans as they see fit. As the banks have a national organization and can easily act to-gether 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 a single day cause a decline in all the products of the country. The tremendous possibilities of speculation involved in

this control of the 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, etc."

"Requesting that you will regard this circular as strictly confidential and soliciting any favors in our line that you may have to extend, we are,

Most respectfully yours, "Ikleheimer, Morton and Vandergould."

The Hazard Circular, published by Bankers in Lincoln's Day says:

"Slavery is likely to be abolished by the war power and chattel slavery abolished. This I and my European friends are in favor of, for slavery is but the owning of labor and carries with it the care of the laborers while the European plan, led on by England, is that capital shall control labor by controlling wages.

"The great debt that capitalists will see to it is made out of the war, must be used to control the volume of money. To accomplish this the bonds must be used as a banking basis.

"We are now waiting for the Secretary of the Treasury to make this recommendation to Congress.

"It will not do to allow the greenback, as it is 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."

BANKERS' ACCORDION

(1) Ten citizens each putting $10,000 in a pool have $100,-000 with which to start a bank. They approach the United States Government for a charter. The Government grants them a charter to operate a national bank provided they use their $100,000 to buy $100,000 worth of United States bonds.

(2) The bonds are placed in a sealed package with the United States Government. These bonds bear 3% interest which interest the Government owes to these banks semiannually.

(3) But the bankers can not go home empty handed. The paternal Government orders the United States Bureau of Engraving to hand over to these bankers $90,000 in bills of five, ten, twenty, etc., denominations.

(4) These bills the bankers place in their bank in "Hometown" and advertise to the citizens that tomorrow they will be open for business. On this first day the only business that is done to receive callers and enjoy the perfume of baskets of flowers.

(5) On the second day Jim Smith, a manufacturer, comes to the bank and tells the president that he wishes to borrow $10,000 to enlarge his factory. The president looks over the books of the Smith Manufacturing Company and sees that it is a going concern worth approximately $100,-000. He tells Mr. Smith that he will grant the loan provided Mr. Smith mortgages his $100,000 factory and provided Mr. Smith will henceforth use his bank as his depository.

(6) Mr. Smith obtains the loan. Of course he does not take the $10,000 home with him. The bank president writes on his books $10,000 deposited which is his newfangled grammar for $10,000 loaned. He gives Mr. Smith a new check book and tells him to write out checks to the amount of $10,000.

(7) Now the bank president still has his original $100,000 plus a mortgage on Mr. Smith's $100,000 business. Mean-while, Tom Jones and Fred Doe and Pat Brown together with hundreds of their neighbors deposit small amounts in this bank which we will say total $50,000.

(8) The banker now has the original $100,000, plus Smith's mortgage for $100,000, plus $10,000 deposit-credit manu-factured for Smith, plus $50,000 of real deposits. Other citizens approach him for loans. Afflicted with the virus of the middle century strong boxers who loaned out ten times more than they actually had, Mr. Bank President keeps on pumping loans into the community to the ex-tent of $1,000,000 and continues to demand mortgages from the borrowers, perhaps, to the value of $2,000,000.

(9) The bank president sees an opportunity to lend some more money at a huge profit. He thumbs over the 1935 Banking Act and discovers that he can take Smith's note, secured by a mortgage, and practically all other assets to his nearest Federal Reserve Bank. Meanwhile, Mr. Bank President has deposited with the Federal Reserve Bank around $130,000 (13% of $1,000,000) which was required, as explained elsewhere in this book, by the Federal Reserve Bank laws. He asks the Federal Reserve bankers to lend him money secured by borrowers' notes and the mortgages and securities which borrowers have deposited in his home town bank. The Federal Reserve banker then manufactures $50,000 to lend to the home town banker. This $50,000 which the Federal Reserve (Central) banker manufactures is deposited to the account (reserves) of the home town bank on the books of the Federal Reserve Bank. The home town banker can now lend out more—to the extent of $1,500,000 or fifteen

times the actual and original $100,000 invested by the stockholders.

(10) Figure it out for yourself, with loans at an average of 5%. He collects $75,000 in interest the first full year in business. He keeps everything over and above his cost of rent, help, advertising and white carnations. He created money and reaped where he did not sow. This is the so-called credit money. Would you not like to be in the banking business and be able to create ten times as much money as you really have and lend it out at interest at 5%?

Under our Constitutional system we want banks to be banks and to lend U. S. money that is actually deposited.

APPENDIX VII

DID THE NEW DEAL BANKING LEGISLATION CURTAIL THE POWER OR DRIVE THE MONEY CHANGERS FROM The TEMPLE?

No. Most of the banking acts passed under the New Deal have further entrenched their power and increased profits of the international manipulators and the private money coiners. The following are but a few examples:

1. THE BANKING ACT OF 1933

(a) This Act legislated that all earnings of the Federal Reserve Banks must accrue to the banks themselves. Prior to this Act the United States Government was to participate in any actual distribution of the earnings of the Federal Reserve Banks.

(b) This Act created the Federal Deposit Insurance Corporation. This Corporation, with a capital of less than $400,000,000, of which $150,000,000 was subscribed by the Secretary of the Treasury on behalf of the United States Government pretends to guarantee approximately $12-billion of bank deposits. The member banks subscribe only one-half of one per cent of their deposit liabilities as their payment into this fund. The ostensible purpose of this Federal Deposit Insurance is to mislead the innocent depositors. It causes them to believe that the United States Government guarantees their deposits up to $5,000 per individual account, when the total amount of money subscribed by the Government is only $150,000,000.

It is alleged by experienced observers and domestic bankers that exercise of arbitrary examining powers and regulations desired by the internationalists is the real purpose.

(c) This Act made the debts (bonds) of the United States the sole basis for issuances of the private Federal Reserve Notes.

2. THE GOLD BILL OF 1934

(a) This now infamous Act was the method by which the Federal Reserve Banks obtained all the gold in the United States by depriving the citizens of the right to have gold (under penalty). Citizens were deceived by the propaganda of "nationalizing gold". But, as has been proven, the gold still belongs to the Federal Re-serve Banks and they can obtain the gold from the Government whenever they demand it. What a sham! The silver provision of the Gold Bill of 1934 gave the President authority to provide for unlimited coinage of silver at a ratio fixed under such terms and conditions as he (the President) may prescribe. But he has failed to make silver a primary money base and so far the silver legislation has been used to injure rather than benefit the people. It has permitted internationalists to sell silver and receive payment in gold (through the Stabilization Fund). The purchasers of silver are paying other countries for this silver in Bank of England (privately owned) Bank Notes.

The reason for taking silver out of China, who, through custom of centuries has used it for token money, is to force the Chinese to use these Bank of England paper notes as the base for their money. That is what is meant by the high'sounding propaganda about "tying currencies to sterling".

3. THE BANKING ACT OF 1935

(a) By this Act, the Federal Reserve Banks may loan di-rectly to industry—the bankers' bank in competition with the member banks whose money was paid into the capital stock of the Federal Reserve Banks.

(b) This Act prohibits the payment of interest to demand depositors.

(c) By this Act all voice in management was taken away from the member banks (owners) and placed in the board appointed by the President. The member banks have no voice in deciding the policies and must follow the dictates of the board.

Open Market operations (see Appendix I, Section I for discussion) are now entirely under the control of the Open Market Committee and the member banks must follow the orders of that committee— "no Federal Reserve Bank shall engage or decline to engage in Open Market operations except in accordance with the direction and regulations adopted by the committee". All paper rediscounted by the member banks or bought by the Federal Reserve Banks in the Open Market must now be both eligible and acceptable. The word accept-able gives the Federal Reserve Banks discretionary power to determine what member banks' paper may be used to borrow from the Central Federal Reserve Banks or what paper (private notes of business men and in-stallment purchase notes) will be bought in the Open Market.

(d) This act bears alarming similarities to the banking laws "put over" in Germany prior to the vicious inflation of the 1920's. Shall we allow the same type of deliber-ate destruction? Private money inflation and conse-quent chaos will enable the Internationalists to succeed in establishing a dictatorship wherein all wealth and power will be concentrated in their hands, and all others will be forced to endure economic and social slavery.

to Royal Oak parishioners Father Coughlin is a beloved pastor and friend—simply "Pal's Boss." Old-Pal, protector of the young mission priest in pioneer days, is namesake of the present-day mascot of the Rectory.

Sidelights

* The parish, too, is still talking about the Children's Party in 1931, when 50,000 youngsters had a good time at Father's invitation and "ate all the ice cream in Detroit!"

* On Thanksgiving Day, 1929, Father Co[ughlin] unpacked a stone block cut from Calvary Hi[ll] gift to the Shrine of the Latin Patriarch of Jeru[salem] it is revered as one of the many relics.

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