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The individual American, in concord with other conscientious men and women having the facts and plan of action presented in this book, can defeat battalions of regional revolutionaries and their mattoid leaders.

$9.95

Emerging Struggle for State Sovereignty

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

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SUBMITTED BY: DAVID HORTON

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CHAPTER 2

UNITED STATES MONETARY CRISIS

HON. JOHN R. RARICK*
of Louisiana
in the House of Representatives
Thursday, May 11, 1972

Mr. Rarick, Mr. Speaker, the current efforts by our Government to hold down price increases have served to focus the attention of thoughtful students on a little discussed facet of our money system. This system, because of a long process of miseducation and studied silence, is not now understood as it was prior to adoption of the Federal Reserve System more than half a century ago. It is based upon debt, has serious implications for the future of our country, and invites what may be the greatest war in history.

Every debt-dollar demands an interest tribute from our economy for every year that dollar remains in circulation. These interest costs force up the price of every commodity and service and contribute greatly to inflation.

One hundred and ten years ago, on President Lincoln's recommendation, the Congress authorized the issue of interest-free U.S. notes. Many of these notes are still in circulation and their interest-free status has saved the American economy billions of dollars.

Attempts to fight inflation in the United States by the highest interest rates here in over 100 years are bound to fail for high interest rates drive costs and prices up while holding production down. For this reason, the present administration has succeeded only in bringing about the anomalous situation of a depression in the midst of rising prices. The result has been to engorge financiers with profits at the expense of every other sector of the economy.

Moreover, so long as the manipulators of the money seek to maximize bank profits by high interest rates, prices must continue to skyrocket. Only by forcing these rates down can production be encouraged and costs reduced, which will minimize price increases.

Under the Constitution, the Congress has responsibility of issuing the Nation's money and regulating its value—article I, section 8, clause 5. In a recent brilliant analysis of our money system by T. David Horton, chairman of the executive council of the Defenders of the American Constitution, able lawyer and keen student of basic American history, he suggests a proven remedy for our current predicament that will enable the Congress to resume its constitutional responsibility to regulate our Nation's money by liberating our economy from the swindle of the debt-money manipulators by the issuance of national currency in debt-free form.

Early in the present Congress I introduced legislation (H.R. 351) the main aim of which was to accomplish such liberation by authoriz-

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**Hon. John R. Rarick, Vice President, Committee to Restore the Constitution, former member of Congress and Parish Judge, is a practicing attorney and publisher, YOUR RIGHT TO KNOW, Post Office Box 236, St. Francisville, Louisiana 70775*

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ing our National Government to purchase the Federal Reserve System and to place it under the control of experienced administrators who recognize the basic soundness of the traditionalist money system and who can be depended on to act in the interests of the American people and American financial needs.

In order that the indicated analysis and proposal of Mr. Horton may be available to our colleagues, I quote it as part of my remarks and include several related news clippings on the money situation which follow:

MONETARY CRISIS—ITS THREAT TO LIBERTY AND THE REMEDY

(Address of T. David Horton)

In 1797 John Adams wrote to Thomas Jefferson:

"All the perplexities, confusion and distress in America arise, not from defects of the Constitution or Confederation; not from any want of honor or virtue, as much as downright ignorance of the nature of coin, credit and circulation."

The power to issue money is the supreme prerogative of government.

The history of contemporary money policies may be traced back to what has been called "the crime of 1666" when Barbara Villiers, mistress to Charles II, helped the British East India Company gain a rake-off starting a 2 pence on the pound of the Royal coinage. These corrupt practices were multiplied, and by 1694, William Paterson, founder of the privately owned Bank of England would declare:

"The Bank hath benefit of the interest on all monies that it creates out of nothing."

With the crime of 1864, the National Bank Act, we find private banks gaining the power to issue money directly and a struggle commenced that has continued to the present day. Our own national heritage, if we are allowed to know it, is full of emphatic statements upon the subject of money.

Abraham Lincoln was one of our Nation's foremost statesmen on the subject of money.

The great American Monetary Historian Alexander Del Mar declared:

"Money is perhaps the mightiest engine to which man can lend an intelligent guidance. Unheard, unfelt, unseen, it has the power to so distribute the burdens, gratifications, and opportunities of life that each individual shall enjoy that share of them to which his merits or good fortune may fairly entitle him, or, contrariwise, to dispense with them so partial a hand as to violate every principle of justice, and perpetuate a succession of...slaveries to the end of time."

What have we done with our money? Over a hundred years ago John C. Calhoun stated that we had given the banks the government credit for nothing, only to borrow it back again at interest.

In the 1930's Marriner Eccles, then Chairman of the Board of Governors of the Federal Reserve System, admitted to Congressman Wright Patman that: What that privately owned central Bank used to buy Three Billion Dollars worth of government Bonds was the right, as he called it, to create credit money.

Yes, Banks create money—ex nehil—out of nothing.

Congressman Usher L. Burkick confirmed this in an interview published in 1959 in which he said:

"We want to sell 4 Billion Dollars worth of Bonds, and we sell it in New York to those who haven't got a dime, and they don't need any money because they simply enter credit to the government on their books!...And then before much money is paid out they get the currency because they bundle up those bonds and take them down here to Washington and get an equal amount of currency. Then they've got the money! But they didn't have the money before the government gave it to them."

In the meantime, of course, the government continues paying interest on those Bonds.

THE MONEY SWINDLE

There is an incredulity regarding money matters that may be due in part to the fact that these gigantic legalized swindles simply boggle the imagination.

G.W.L. Day wrote in his book "This Leads to War":

"The mystery which has shrouded the subject of banking is every whit as deep as that which obscures the hocus-pocus of witch-doctoring; and with just the same blind respect with which the simple natives of Sumeria once gaped and goggled while their priests muttered their incantations and examined the entrails of chickens. For centuries we have listened with awe to the dictums of Finance, believing that its high priesthood is possessed of knowledge

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superhuman and that its mysteries are sacrosanct and incomprehensible to the common run of man."

Henry Ford put it this way:

"If the American people knew the corruption in our money system there would be a revolution before morning."

What are the reasons for the disparity that we find in the manner in which we tend to accept some things, but refuse and fail to know some of the simplest of truths with regard to our money? One of the reasons may be explained this way:

We have a situation here where—if one of you deposits a Hundred Dollars in a bank account and if you write checks upon that deposit twice—if you do it in my county, I have to come around and put you in jail and lock you up! You have committed a felony Yet the very same bank in which you deposited that $100, can write checks on that same $100 not once, not twice, but five or ten times, even twenty times, and can do so with impunity. This is called the fractional reserve system.

We penalize one man who writes checks on the same money twice and send him to jail.

We glorify the banker who writes checks on the same money ten times and send him to Congress.

The difference between the Banker's activity and the "paperhanger's" activity, as we'll call him, (who writes checks on the same money more than once) is that the banker charges interest for lending the same money ten times!

Dr. Carl F.M. Sandberg stated:

"From those not previously familiar with these things, have come expressions of interest and enthusiasm, but also reluctance to accept as truth the fact that our government, without getting anything whatsoever in return, gives the Federal Reserve Notes to private bankers for them to loan out at interest even back to the government itself. To them this seems so senseless as to be unbelievable."

This is one reason why we find a certain incredulity with regard to accepting some of the basic facts of life that relate to our money system. But it is not the enormity of the outrage that is most important. It is not the fact that the swindles of high finance amount to billions of dollars. It is the fact that our present debt money system does not work, that is doing us the greatest injury.

Let us consider two points about our present system.

BANKER'S GOVERNMENT FRANCHISE

First: That every dollar we carry around in our billfolds is a debt dollar.

Dr. Willis A. Overholser states:

"Our present Federal Reserve System is a flagrant case of the government conferring a special privilege upon bankers. The government hands to the banks its credit, at virtually no cost to the banks, for their private profit. Still worse however, is the fact that it gives the bankers practically complete control of the amount of money that shall be in circulation. *Our present money system is a debt money system. Before a dollar can circulate a debt must be created.*"

The foregoing statement with regard to the money we use for our trade today, applies alike to the dollars we carry in our pockets *and also* to the so-called checkbook dollars that banks create when making loans. These two sources of debt dollars make up our money.

Who profits from having all our money based on debt? To find the answer to this question, we can refer to the controllers of our commerce themselves.

Brooks Adams, the brother of Henry Adams, wrote in his book the "Law of Civilization and Decay":

"Perhaps no financier has ever lived abler than Samuel Loyd. Certainly he understood as few men, even of later generations, have understood, the mighty engine of (money). He comprehended that, with expanding trade, an inelastic currency must rise in value; he saw that, with sufficient resources at command, his class might be able to establish such a rise, almost at pleasure...He perceived that, once established, a contraction of the currency might be forced to an extreme, and that when money rose beyond price, as in 1825, debtors would have to surrender their property on such terms as creditors might dictate."

Mr. Loyd was father of the Bank Act of 1884. He was no idle theoretician. He obviously knew what he was doing, and he knew that his clique could profit immensely by causing a boom-bust cycle to periodically ravage the economy.

The importance of controlling the volume of currency in circulation is pointed out by President James A. Garfield who remarked:

"Whoever controls the volume of money in any country is absolute master of all industry and commerce."

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Added to the fact that all of our money is *debt money* we need to consider a *second* point, and that is our profit system: I remember as a small boy, puzzling myself over a problem that arose when I was reflecting upon the profits that I was making out of shoveling snow, mowing people's lawns, delivering newspapers, or whatever, saving up for the day when I would go to college. I figured: If I make a profit (and I'm supposed to be working to make a profit) and if everybody else is making a profit, where is the money to come from? I take my quarters and put them in a little bank – I was taking money out of circulation. My profit is what I took out of circulation. If everybody else did the same, a problem might develop.

I didn't come to any conclusions, but it was obvious to me, and it is probably obvious to any other ten-year-old, that there is a problem with regard to our money if we are to operate on a profit system.

If every business is run at a profit, then every business is creating a partial vacuum in the money supply and this can lead, and always had led, over a period of time to a cataclysm.

This is the assistance that the free-enterprise system affords to the controllers of our money system, when it is decided by those controllers to cause a depression.

BOOM & BUST DEBT MONEY SYSTEM

Unwittingly, so long as we tolerate a debt money system, we contribute to our own undoing.

Periodically, we get into a depression, and we're not able to distribute to our own people the very necessaries of life. Willing workers are left idle, producing nothing, while products rust and food rots—for want of the money which our debt-money system deprives us.

A physician told me recently that the second most common diagnosis made today by the General Practitioner is malnutrition. This is America in 1972.

At the same time, we are sending over $100 Million worth of wheat to Russia, to feed their workers, who make more guns to kill our boys (and more ICBMs to threaten our cities).

Our own people are hungry, and the manipulators of our debt money system decree that we send our food to our enemies!

This is insane!

But we are not without remedy.

First, we must understand that our debt money system creates a vacuum in the money supply. Second, we must understand in order to have a healthy economy with everybody making more and more goods and reflecting more and more profit we must have an expanding money supply. So, our debt money system is exactly the wrong kind of money system that we need for a healthy economy. Rather than continually expanding the supply of money to meet the demands of ever increasing goods and services that are being placed on the market, our debt money system decrees that that money supply shall contract because every dollar that is in circulation has a little tag on it, called interest, which commands that there must be withdrawn from circulation six cents or nine cents or twelve cents or whatever the interest tag dictates, in order for that dollar to remain in circulation for another year.

The solution to this problem is not new. We can find it in the works of Abraham Lincoln that are now over 100 years old. These quotations are from Lincoln's speeches on money reform:

"Money is the creature of law and the creation of the original issue of money should be maintained as an exclusive monopoly of the national government.

"The wages of men should be recognized in the structure of and in the social order as more important than the wages of money.

"No duty is more imperative on the Government than the duty it owes the people to furnish them with a sound and uniform currency, and of regulating the circulation of the medium of exchange so that labor will be protected from a vicious currency, and commerce will be facilitated by cheap and safe exchanges.

"The monetary needs of increasing numbers of people advancing toward higher standards of living can and should be met by the government.

"The circulation of a medium of exchange issued and backed by the government can be properly regulated...

"Government has the power to regulate the currency and the credit of a nation.

"Government possessing the power to create and issue currency and credit as money and enjoying the right to withdraw both currency and credit from circulation by taxation and otherwise need not and should not borrow capital at interest as the means of financing

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government work and public enterprise.

"The Government should create, issue and circulate all the currency and credit needed to satisfy the spending power of the Government and the buying power of consumer. The privilege of creating and issuing money is not only the supreme prerogative of government, but it is the government's greatest creative opportunity.

"By the adoption of these principles, the longfelt want for a uniform medium will be satisfied.

"The taxpayers will be saved immense sums in interest, discounts and exchanges.

"The financing of all government enterprise, the maintenance of stable government and ordered progress, and the conduct of the Treasury will become matters of practical administration.

STABLE NATIONAL CURRENCY

"The people can and will be furnished with a currency as safe as their own government.

"Money will cease to be the master and become the servant of humanity. Democracy will rise superior to the money power."

What Lincoln was referring to was the issuance of a national currency. These sometimes are referred to as Lincoln Greenbacks. I don't know how many here have seen or remember seeing what today are the remaining issue of about 300 Million Dollars that was put into circulation over 100 years ago. They are the United States Notes which bear the Red Seal. Our ordinary Federal Reserve Notes, bear, appropriately enough, a dour Black Seal. These Black Seals are debt money. Before they may circulate, a debt must be created. A United States Note with a Red Seal is spent into circulation and is interest free. There is no interest incurred in the issuance of it. There is no interest incurred in maintaining it in circulation.

It may be interesting to note how much this original issue of Lincoln Greenbacks has saved the American taxpayer since its original issuance.

February 25 of this year is the 110th anniversary of the statute authorizing the issuance of Lincoln Greenbacks. 300 Million Dollars of them are supposed to be maintained in circulation under statute, but they have been withdrawn, or at least placed into some form that the common variety of people rarely gets to see them. They have been outstanding for 110 years.

If we compute the amount necessary to redeem the principal and interest of this 300 Million Dollars that was saved 100 years ago by the issuance of Lincoln Greenbacks, we find that, at merely 3 percent interest, the amount of indebtedness which would be represented, had Bonds been used instead, would be 7.75 Billion Dollars. We are dealing of course with an exponential, and we find that if we paid 6 percent, the amount that the Lincoln Greenbacks saved our taxpayers and our commerce is 182.5 Billion Dollars; and the amount at 7 percent is 511.6 Billion Dollars.

The importance of this device that Lincoln initiated during the Civil War (which we need to copy if we are to emancipate our commerce from the thraldom of debt money) is recognized by the bankers themselves. The London Times is quoted as being the mouthpiece of high finance in John Howland Snow's book "Government by Treason". The Times is quoted as follows, referring to the Lincoln Greenbacks:

"If that mischievous financial policy, which had its origin in the North American Republic during the late war in that country, (Civil War) should become indurated down to a fixture, then that Government will furnish its own money without cost. It will pay off its debts and be without debt. It will have all the money necessary to carry on its commerce. It will become prosperous beyond precedent in the history of the civilized governments of the world. The brains and the wealth of all countries will go to North America. *That government must be destroyed...*"

FRACTIONAL RESERVE FRAUD

This is what the bankers had to say about Lincoln Greenbacks.

If we want to try to remedy the situation where our money system, instead of expanding at a time when we need more money, contracts and thereby forces us into periodic depression, we need to adopt the measures that Lincoln initiated: Namely, the issuance of a National Currency. If, coupled with this, we require the banks to lend our money not ten or fifteen times, but limit them to three times, (this would be enough) and this can be done by setting the reserve requirements at 33 1/3 percent: If these two things are done, it will not only provide an immense source of tax-free revenue and provide our commerce with a source of money that is interest free, but also, it will keep the banking institutions from taking away the control of the *amount* of money in circula-

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tion, which they now do by their fractional reserve system.

As it stands now, by multiplying the number of times that the same Dollar is loaned out, the banking fraternity in fact controls much more of the total purchasing power available to bid for goods than the control that is exercised by the original issuing authority. This can be stopped by doing these two things: Issuing United States Notes on the one hand, and increasing reserve requirements on the other.

It has been wondered why it is we are drifting slowly, but apparently uncontrollably, toward Socialism. The secret to that perplexing question can be found in our debt money system. If we have a situation where there are two things that are drawing money out of circulation, namely the debt issuance of the currency in the first place and the profit motive in the second place, we find that it is necessary, in order to make the economy run at all, for this vacuum to be relieved.

The manner in which this is characteristically done in modern times is by means of a government deficit: Namely, the government spending out more money than it takes in. The theory apparently is, that if the government operates at enough of a loss (and we've lost over 400 Billion Dollars) then this will keep enough money in circulation to make up for the vacuum that the debt-money system on the one hand and the profit motive system on the other creates in the money supply. Yet, we all know, it is impossible to borrow our way out of debt. We know that sooner or later in this type of an operation there must be an accounting, and with that accounting we find depression.

When we come up to a period of recession or depression we find that the Socialists and the Communists are the *only* ones around with available remedies. The remedy that they suggest for the problem that is created by a restricted money supply, of having more productivity than you can distribute is the same remedy that was advocated by the fellow who decided to kill the goose that laid the golden eggs. They can take care of the problem—too many golden eggs to distribute—by killing the goose. And there is no doubt that it is possible to eliminate these unmarketed surpluses by restricting production. But restricting production is not the answer. It's comparable to killing the goose that laid the golden eggs.

The answer is to have sufficient money—Sufficient blood supply in our economy, to have it stay viable and to have it stay prosperous. This can be done only if we get away from our debt-money system which forces us periodically into depresssion.

Another measure that we may consider in attempting to deal with the problems that we have in a money system that is basically diseased, is to try to establish some means of local control of local purchasing power.

The Roman Empire survived for many hundreds of years on the basis of a split control, a split authority over its money system.

The pounds, shillings, pence system in England (which is being phased out only last year) is the vestigal remainder of the original Roman Monetary System. The pounds, the gold coinage, were the exclusive prerogative of the Pontifex Maximus, or Caesar: The silver coinage was vested in certain favored municipalities and, *ex senatus consulto,* in certain favored princes. The bronze coinage however, which, as the coinage of every day commerce allowed the Roman Empire to survive, was *de*-centralized.

And in our own country the original theory behind the Federal Reserve System was that it would provide decentralized control. With twelve de-centralized Federal Reserve Banks we were told, we would have an ability to adjust local needs to local demands. We know now that this was merely a pretext. It was a gigantic fraud. It never did and never was intended to do any such thing. It was a European-style central bank subject to the control of money manipulators which would keep us from having any local control of our local purchasing power.

What can we do individually in our States to offset this? One suggestion is to have other States follow the example of North Dakota. North Dakota has a Bank. North Dakota is the only State in the Union that does have a Bank. The Bank of North Dakota is owned and operated by that State. It allows them to have a certain limited amount of local control of their own local purchasing power.

Local improvements are financed through that Bank. Student loans are supported through that Bank. You would not find it possible in North Dakota to get the people there to give up the Bank of North Dakota.

We have in other parts of the country, banks that are similarly named, but the "Bank of

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Nevada" or the "Bank of Oregon" or the "Bank of California" in every instance is a State chartered, privately owned, financial institution.

If we wish to copy the example of the Bank of North Dakota we will find that the Bank provided its people with a source of credit that survived even the great depression of the thirties.

Coupled to this we can institute in our local communities a certain amount of local purchasing power issued by the community itself. This can be in either one of two forms.

In one case, the merchants of a particular community can agree to honor each other's checks, payable to bearer and insured against being cleared through the bank, which would cancel them, but intended to circulate as a local currency. Those merchants in that particular community will find that they will have authority to control a certain amount of their own local purchasing power. They will find that their own people, on whom they depend for a livelihood, are less likely to trade elsewhere than they will in their own local community, as long as the currency that is there is circulating locally.

The other way to obtain local control of local purchasing power is by means of local or county vouchers circulating as currency. These vouchers can be made substantially interest-free under most State statutes. If this is done, local improvements can be made without local governments going to the lending institutions to borrow back the very tax money that the local communities have with the commercial financial institutions.

These two means can combine to give us a certain amount of local control of local purchasing power. But the most important thing for us to concentrate on is the emancipation of our entire national economy from the thralldom of control by the money manipulators. This we can do by concentrating upon the issuance of national currency, in debt-free form.

In case too many people become alarmed of the consequences of this, it is to be pointed out that we now have a certain amount of noninterest bearing money in circulation. All of our fractional currency: That is to say, the pennies, the nickels, the dimes, the quarters and the halves, all of these are noninterest bearing in their form. They are manufactured in our mints; they are paid into circulation; circulate freely; they do not draw interest, and they provide the Government with a very valuable source of revenue.

In the fiscal years 1966 through 1970, inclusive, the amount of seigniorage paid into the Treasury by the Mints amounted to over 4 Billion Dollars. The profit ratio on this type of currency is something on the order of six-to-one. (You end up with six times as much currency as you have cost going into making franctional coinage).

The cost ratio in making the Federal Reserve Notes is more on the order of 600 to 1. And during these same four fiscal years, in spite of the fact that over 50 Billion Dollars in Federal Reserve Notes was manufactured by the Bureau of Printing and Engraving and turned over to the Banks—not One Cent in seigniorage was paid into the Treasury!

In arresting this swindle and in emancipating our commerce from a debt-money system we will find that the threat that is now posed by the Socialists and the Communists largely disappears.

Their remedies for our ills are being accepted gradually for two reasons:

One—there are no competing remedies being offered.

Two—Our debt-money system compels the Government to spend more than it takes in, because this is the only way we can keep the economy going!

And this defect, this use of a debt-money system, is what is forcing us gradually, and sometimes more rapidly than many of us like to think, down the tube to Socialism.

By liberating our economy from its debt-money system, we will be safeguarding our own freedoms. Further than this we will be protecting the world from a threat which seems ominous enough now, but if we usher in the era of prosperity that is available to us and that the bank controllers themselves admit will come to us, we will find that the threat of Socialism and Communism even on the international scale will largely dwindle and fade away.

Therefore, we must order our priorities. We must decide as individuals whether we are going to address ourselves to the problem of correcting a grave injustice that is perpetrated on our economy and on our Government, by getting rid of a debt-money system. We must decide that we are going to spend our money and give of our substance and ourselves to this fight, rather than be distracted by the current basket-

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ball game, football game or by any number of other diversions that are continually waved before us.

If we want bread and circuses, then what we're going to get is Socialism. If we want to make our principal pass time, our principal activity, the running of our own affairs and the reinstallation of Constitutional control over our currency, then we will find that the support of such organizations as the Oregon Legislative and Research Committe will reward our individual efforts, which will be responsive to a real national and local need.

Therefore, those who have elected to forego the entertainments of the hour to come here to study the question of what to do about our money system are to be commended. It is the people right here in this Auditorium upon whom the well being of our Republic rests.

Those of us who have studied the American Revolution realize that it took a very small percentage of the American people to accomplish that feat. The burden rested upon relatively a few shoulders. The fact that we can see about us others who appear to be more interested in other things should not dissuade us. We should be prepared to give of our substance and our time to such organizations as this, that have a positive remedy that is something other than a Socialist remedy: A remedy that has been proven, a remedy that will work; and a remedy for which our posterity will thank us, if we are able to accomplish it.

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BULLETIN

COMMITTEE TO RESTORE THE CONSTITUTION®

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

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POSITION OF NEVADA
LEGISLATORS PONDER USE OF STATE-MINTED COINS AS LEGAL TENDER*

Position of Nevada on Producing One Ounce Silver Coins to be Used in Nevada as Legal Tender with an Exchange Value of $20.00.

HISTORY OF THE POWER TO ISSUE MONEY

The use of money precedes even the use of letters.[1] It is always national in character[2] and is the universal requisite for civilization.[3] In Bastiat's words, society implies exchange, and exchange, money.[4]

The power to issue money belonged to each individual state, which was recognized as a complete national sovereignty by the Treaty of Paris that concluded the Revolutionary War. Each state exercised its power. Connecticut had 29 different issues of currency, Delaware 16, Massachusetts 30, North Carolina 21, Rhode Island 23, Pennsylvania 41, etc.[5] Nevada, and each new State, was a complete sovereignty before being qualified to admission into the Union of States.[6] Included in the sovereign powers belonging to the State of Nevada was the power to issue money.

[1]*Alexander Del Mar,* **A History of Money in Ancient Countries from the Earliest Time to the Present,** *London, George Bell and Sons, Covent Garden, 1885, p. 14.*
[2]*Op cit, p. 203.* [3]*Op cit, p. 14.* [4]*Ibid.*

***Position paper and proposed state statute absolving Nevada of her obligation to not issue money, and providing for the issuance of silver coins as legal tender, presented to Nevada State Legislative Commission Subcommittee Studying Feasibility of Minting Gold and Silver Medallions (ACR 52), 8 May 1986, by Attorney T. avid Horton, PO Box 2107 Carson City, Nevada 89701 (702) 883-1966, Counsel, Committee to Restore the Constitution. Contact Mr. Horton for instruction and testimony on introducing a similar proposal before your State legislature.**

This supreme prerogative of government was delegated, with reservations, by the States, to the Continental Congress in the Articles of Confederation:

> **"The United States In Congress assembled shall never ... coin money, nor regulate the value thereof, ... unless nine states assent to the same: ..."[7]**

[5]*The Standard Paper Money catalog, part 2, Wayte Raymond, Inc., New York, 1955.*
[6]*Equal Footing Doctrine and Its Application by the Congress and the Courts, Office of the Attorney General, Carson City, May, 1977, pp. 2-9. See also Documents on the Formation of the Union, selected by Charles Callon Tansill, Government Printing Office, 1927, p. 95.*
[7]*"We the States" An Anthology of Historic Documents and Commentaries Thereon, Expounding the State and Federal Relationship, Virginia Commission on Constitutional Government, 1964, pp. 29-30.*
[8]*David Horton, "The Monetary Crisis, Its Threat to Liberty and the Remedy," Congressional Record May 11, 1972, Reprinted "The Most Secret Science," Archibald E. Roberts, Betsy Ross Press, P.O. Box 986, Fort Collins, CO 80522, 1984, pp. 91 ff.*
[9]*Roberts, p. 98.*

Under the Constitution, the delegation by the states of their money power to the Congress was less reserved. Two Constitutional provisions relate to the power to issue money: Article 1, Section 8, Clause 5 provides that this power shall be vested in the Congress, and Article 1, Section 10, prohibits the state from issuing its own money. The two provisions were necessary to make the Congressional power complete, and are interdependent.

The Congress has proceeded to strike the fractional coinage under the authority it received from the States, and the profits from this operation (seignorage) are paid twice a year into the Treasury. The profits on this money are on the order of 6 to 1 (six times as much money is produced as it costs to make it[8]). The major portion of our currency is made up of Federal Reserve Notes. These Notes are denominated as legal tender, but they are the issues of a privately chartered corporation. The profit from these Notes is on the order 600 to 1.[9] Yet no seignorage is paid on them into the Treasury.[10]

(continued page 2)

[10]*Ibid. In a letter to the undersigned dated December 4, 1970, Michael J. Plant, Superintendent, Management Services Division, Treasury Department, Bureau of Printing and Engraving, stated:*

"Deliveries of Federal Reserve notes by the Bureau of Engraving and Printing and the amounts paid by the Board of Governors of the Federal Reserve System for the manufacture of those notes, for the periods in question, were as follows:

Fiscal Year	Notes Delivered (All Denominations) Quantity	Face Value	Manufacturing Costs
1967	*1,985,664,000*	*$10,887,280,000*	*$16,282,168.80*
1968	*2,105,944,000*	*12,236,960,000*	*17,156,081.60*
1969	*2,430,608,000*	*12,078,240,000*	*19,267,488.80*
1970	*2,509,728,000*	*15,619,680,000*	*20,408,608.00*

"The sums billed for the manufacture of these notes were not paid into the Treasury, per se. These figures represent the actual costs expended by the Bureau for the production of the notes and the repayment was made by the Board of Governors directly to the Bureau of Engraving and Printing."

In other words, the Federal Reserve paid for the paper and the ink. They received 695 times as much 'legal tender' currency as it cost to print it.

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EXHIBIT 3

POSITION (continued)

The surrender by the Congress of control of the nation's currency to a private banking organization is a violation of Constitutional provisions and an unlawful usurpation of power.[11]

The responsibility for correction of usurpation lies with the State.[12] When the Constitution is violated by the federal government, the state "whose creature it is, must . . . take such measures to redress the injury done to the Constitution as the exigency may suggest and prudence justify."[13]

Prior Use by Nevada of Legislative Power to Correct Usurpation

In 1979 the Nevada Legislature adopted the Public Lands Ownership Act which made legislative findings (NRS 321.596) that spread to other states and started the use of state legislative power to correct usurpation:

> "4. The intent of the framers of the Constitution of the United States was to guarantee to each of the states sovereignty over all matters within its boundaries except for those powers specifically granted to the United States as agent of the states . . .
>
> "6. The purported right of ownership and control over the public lands within the State of Nevada by the United States is without foundation and violates the clear intent of the Constitution of the United States."

This use of legislative power, although not as complete as that outlined in the original Initiative Petition that formed the basis for the Nevada Public Lands Ownership Act, provided basis for the States to increase their control over their public lands.[14]

Nevada, in using her legislative power to correct usurpation, was following many examples of legislative correction of usurpation.[15]

Statutory Correction by Nevada of Congressional Failure to Abide by the Constitution

Nevada's Public Lands Ownership Act started the correction of the violations of Article 1, Section 8, Clause 17 of the Constitution that restricted the power over public lands to those (1) that are purchased, (2) with the consent of the Legislature of the State, and (3) used only "for the Erection of Forts, Magazines, Arsenals, dock-Yard, and other needful Buildings."

The Constitution clearly said one thing, while the Congress was doing something else. The remedy for that situation is the use of the State's legislative power to enforce the Constitution within its borders.

Federal agencies ignored express provisions of the Constitution in exercising control over Nevada's Public Lands. The Public Lands Ownership Act was a move toward putting down "the Rebellion" by federal agencies against the Constitution that represented by their continued control over Nevada's Public Lands. The Public Lands Ownership Act clarified, by statute, the State's position with regard to her public lands.

The same type of clarification and enforcement is needed with regard to the violation by the Congress of Article 1, Section 8, Clause 5 of the United States Constitution wherein the States delegated their power to issue currency to the Congress. Again, the Constitution said one thing, and the Congress did something else. The Congress purported to delegate the power to issue the major portion of our currency (the paper money) to a consortium of private bankers.

The States agreed (and Nevada joined in that agreement when she joined the Union) to delegate their money power **to the Congress**. The States did **not** agree that Congress re-delegate this sovereign power to the private Federal Reserve Corporation in which the United States owns not one share of stock.

The Congress has therefore failed to discharge its duty to issue all money by passing this sovereign power over to a group of bankers.

When the agent of the States, the Congress, fails to go by the Constitution, the responsibility for correcting the infraction belongs to the State and the manner of correction selected by the attached proposed bill recognizes that the failure of the Congress to discharge its obligation under the Constitution to issue the currency absolves Nevada from her agreement not to issue her own money. The attached proposed bill proposes that Nevada resume control of its money power, or at least part of it.

Included are findings that the State delegated its power to issue money to the Congress on condition that the Congress would issue the money, and the Congress has violated the Constitution by delegating the control of money to the Federal Reserve Corporation. This statute would also find that the unlawful surrender by the Congress of the power to issue money to the privately-owned Federal Reserve Corporation absolves Nevada from her agreement under Article 1, Section 10 of the U.S. Constitution not to issue her own money. The State of Nevada would further find that the Federal Reserve Corporation is not the Congress of the United States and only the Congress of the United States has authority to exercise Nevada's power to issue money, and therefore, Nevada can undertake to issue such of its own currency as it sees fit, unless and until the Congress abandons its betrayal of its Constitutional responsibility and issues all national currency.

Form of the Currency

By starting with the issuance of a $20 coin containing one ounce of fine silver (alloyed to 90% fineness for superior wear capability) Nevada would give her citizens (and tourists) a choice of using $20 Federal Reserve Notes made of paper and issued by a private bank, or a coin, issued by the lawful authority of the State, containing one ounce of fine silver. Such a choice would make the Nevada coins highly popular.

Recently the price of silver has been $50.00 an ounce. Those interested in saving silver against the day when its price may again rise, would be attracted by the option of supporting exchanges with $20.00 silver coins rather than $20.00 paper bills.

The State would make the profit on the difference between the cost of producing the coin (under $6.00 at present silver prices) and its face value of $20.00. In the event that prices inflate and silver climbs to the point where the coins are again more valuable as metal than they are as money, they would disappear from circulation. Such automatic withdrawal of the Nevada State currency would occur when prices were being forced up by the issuance of too much money, and the automatic withdrawal of the coins under these circumstances would help to stabilize our price levels.

A draft statute follows. (page 3)

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[11]*"Stop Usurpation with State Action," David Horton, pamphlet, Wisconsin Legislative Research Committee, 1972, reprinted, "The Republic: Decline and Future Promise," by Archibald E. Roberts, Bicentennial Edition, Betsy Ross Press, P.O. Box 986, Fort Collins, CO 80522, 1975, pp. 69 ff.*

[12]*Roberts, Republic, Decline, p. 74.*

[13]*Federalist No. 33, The Federalist, Modern Library, 1937, p. 200. Federalist No. 46 also cites the role of the State government in defeating usurpation, p. 312.*

[14]*See Techniques and Strategies, the Public Lands Campaign, Bulletin, Committee to Restore the Constitution, P.O. Box 986, Ft. Collins, Colorado 80522, March, 1981.*

[15]*Roberts, Republic, Decline, pp. 73 ff.*

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EXHIBIT