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BULLETIN

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NEW CONCEPTS IN DEFENSE*

A study of American survival capability in the event of a nuclear exchange in the 1960's showed:

Against a ten thousand megaton attack over 80 percent of the American population would be lost if fallout shelters were not available. (With fallout shelters, the number of survivors would be tripled.) By comparison, a similar attack on the Soviet Union would result in less than 6% of their population being lost—a figure lower than suffered by Russia during World War II. The nuclear survival capability of the U.S.S.R. in the 1960's greatly exceeded that developed by the United States.

Since that time, the condition has worsened:

The fledgling program to provide fallout shelter space for "every man, woman and child in America" has been stopped while the American population has continued to gather, more and more, in population centers, making more and more nuclear targets, while the Russian de-centralization program advances.

FACTORS CONTRIBUTING TO THE PROBLEM

Abandonment of Shelter Program

The abandonment of civil defense preparations is a failure by the federal agencies in Washington to discharge their responsibility under the U.S. Constitution to provide for the common defense. Faced with the termination of federal efforts to provide and stock fallout shelters, the States and local communities are left with the responsibility of providing for their individual defense with little funding.

Congestion Forced by Monetary Policies

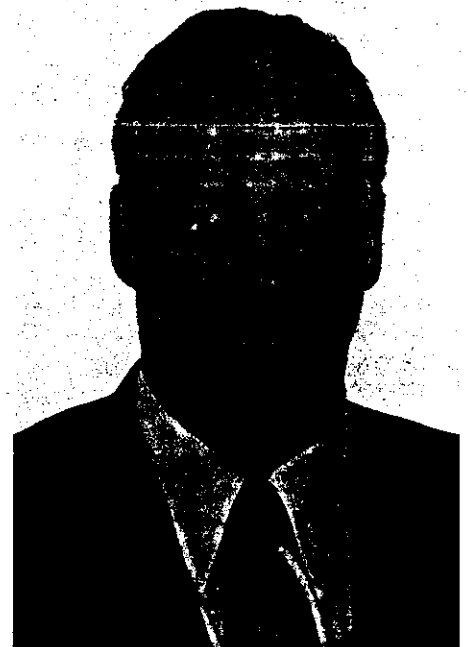
The employment by the American economy of a Debt Money System has

hobbled productivity and forced migration of the population away from rural areas (where capital and labor are both needed to develop our resources) to metropolitan areas where the "blood supply" (purchasing power) of the economy collects, making employment easier to obtain.

The branch banking system used in most states siphons purchasing power from rural areas to population centers where it increases economic activity and the size and attractiveness of nuclear targets. Branch banks in rural communities frequently have no loan officers and the bank directors find it is more economical to make multi-million dollar loans in their urban headquarters rather than small loans out of rural branches that will develop the rural economy. The transfer of the "blood supply" from rural to urban locations compels the migration of the population to the cities.

As a result, while the Soviet population and industry continue to be dispersed in accordance with sensible planning that is consistently followed, the United States has done just the opposite. Consequently, the survival capabilities of the two countries in the scenario of a

'Federal preoccupation with unconstitutional social programs have unbalanced the Federal Budget. "Sockdalager, a Tale of Davy Crockett, In Which the Old Tennessee Bear Hunter Meets Up With the Constitution of the United States:" an account of Crockett's conversion, while a member of Congress, from a social welfare spender to a Constitutional supporter. "The people have delegated to Congress, by the Constitution, the power to do certain things. To do these, it is authorized to collect and pay moneys, and for nothing else. Everything beyond this is usurpation, and a violation of the Constitution."



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nuclear exchange is worse today than it was in the 1960's.

Centralization of Forces That Need To Be Deployed In Case Of Attack

The military continues to be centralized, taking young recruits from Nebraska or Idaho and sending them to Georgia for training. Similar policies pervade all branches and leave the military in concentrated locations (where they form nuclear targets) and away from the dispersed locations where their participation in post-attack recovery operations would be needed.

SOLUTIONS

A. In areas of the country where the economy is expanding, new construction provides a valuable opportunity

*by T. David Horton, Attorney

CONCEPTS (continued)

for reducing our nuclear deficit in fallout shelters. Local planning commissions and boards of county commissioners can require new structures to be built with basements having baffled entrances that will serve as fallout shelters; new schools can be "slanted" to use economical, heavy materials that will provide areas in the floor plan where the student population and/or the public in general can be sheltered.

By encouraging the construction of basements in conventional houses and the development of "earth sheltered" designs, more homes can be built with part of their floor plan serving as a family shelter. The reduced energy requirements and quieter surroundings are side benefits that make these methods of construction more attractive.

The Nevada example of a property tax exemption for home fallout shelters also provides an incentive for such shelters as well as an automatic inventory of available residential shelters (NRS 361.078).²

The construction of more individual and community shelter locations will tend to increase the amount of food and other stores set aside for their use. The public stores can be incorporated into local indigent and transient care programs

²361.078 Exemption of residential property containing shelter protecting against radioactive fallout.

1. Residential property to the extent of \$1,000 assessed valuation is exempt from taxation if the property:

(a) Is owned and occupied by a resident of this state;

(b) Contains a shelter for protection against radioactive fallout;

(c) The shelter has sufficient space to protect the number of persons who normally occupy the residence; and

(d) The shelter provides at least 40 times more protection against radiation to a person inside the shelter than to a person outside the shelter.

2. Any person claiming this exemption must file with the county assessor an affidavit declaring that:

(a) He is a resident of the State of Nevada;

(b) His shelter meets the requirements of subsection 1; and

(c) He has not claimed a similar exemption for the current year in any other county in this state.

(Added to NRS by 1981, 1179)

³A.B. _____

A BILL finding that the issuance of Federal Reserve Notes is a violation of the Constitution of the United States of America, providing that Nevada is absolved from her obligation not to issue money, and further providing for the issuance of \$20.00 silver coins as a legal tender in Nevada for all debts public and private.

BE IT ENACTED by the Legislature of the State of Nevada:

Section 1. The Legislature finds:

a. The State of Nevada, at the time of her admission to the United States of America was a full national sovereignty, being on an equal footing with the 13 sovereignties that formed the Compact known as the Constitution of the United States of America.

b. In ratifying and approving the Constitution of the United States of America, Nevada agreed to delegate certain of her sovereign powers to three special agencies of government, all in the form as provided by the Constitution of the United States of America.

c. Among the powers so delegated by Nevada was the sovereign power to issue money which was delegated by Nevada, in concert with her Sister States, to a common special agent, namely the Congress of the United States, in Article I, Section 8, Clause 5 of the Constitution of the United States of America.

d. Nevada also, in Article I, Section 10 of the Constitution of the United States agreed not to issue her own money. This agreement, however, was conditioned upon the Congress discharging its obligation to issue money as the common agent of Nevada and her Sister States.

e. The purported delegation by the Congress of the power to issue money to a privately owned corporation, known as the Federal Reserve Bank, was an unlawful change in the terms of the Constitution of the United States of America and a specific violation of the terms of Article I, Section 8, Clause 5 of the Constitution of the United States of America.

f. The failure of the Congress of the United States to discharge its obligation under Article I, Section 8, Clause 5 of the Constitution of the United States of America absolves the State of Nevada from her obligation under Article I, Section 10, of the Constitution of the United States of America, not to issue her own money.

Section 2. From and after the effective date of this Act, the Treasurer of the State of Nevada is hereby authorized and directed to issue into circulation, coins of the State of Nevada in the sum of Fifty Million Dollars (\$50,000,000.00). Said coins shall contain one ounce of fine silver and be alloyed to 90% fineness and shall bear the Great Seal of the State of Nevada and the design thereof shall include the words "Twenty Dollars" and shall be full legal tender, for all debts, public and private, within the State of Nevada.

Section 3. When the Nevada \$20.00 coins are received into the Treasury, they shall not be retired (except as hereinafter set forth in Section 4), but shall be reissued. No part of the coins herein provided to be issued shall be held as a reserve except such amounts as the Legislature of the State of Nevada may from time to time direct.

Section 4. Should the Treasurer of the State of Nevada hereafter determine that the Congress of the United States is resuming its Constitutional obligation to issue money as provided by Article I, Section 8, Clause 5 of the Constitution of the United States (1) by requiring the Federal Reserve Bank to retire its issuance of circulating notes, and (2) by causing the issuance of sufficient currency under the authority of the Congress of the United States to meet the needs of the commerce of the United States of America and of Nevada, then in that event, the Treasurer of the State of Nevada will thereupon be authorized to retire such Nevada \$20.00 silver coins as may be paid into the Treasury of Nevada.

CONCEPTS (continued)

so as to keep the food stocks rotated and greatly expand the community's survival potential from nuclear attack.

The construction of blast shelters as advocated by "Fighting Chance" of the Oregon Institute of Science and Medicine, P.O. Box 1297, Cave Junction, Oregon, 97523, would be an improvement over the largely defunct national fallout shelter program.

B. The substitution of "debt free" purchasing power for current "money" that saps the vitality of our free-enterprise economy with interest charges and fails to support exchanges in the areas where the exchanges are needed can be accomplished in a number of different ways.

I. Requiring the Congress to replace present Federal Reserve Notes with United States Notes that are interest-free and their original issuance will save the economy the interest charges on some two hundred billion dollars of "debt money" every year, and will provide a one-time two hundred billion dollar "windfall" of government revenue. This non-tax source of funds would keep the federal agencies in Washington from bidding up the price of available commercial credit when they borrow the amount of the deficit (even if that deficit is two hundred billion dollars). The absence of the principal sponge for absorbing the available commercial credit from the credit marketplace for one year would force interest rates down sharply, thereby stimulating the economy, reducing non-productive interest exactions throughout the entire economy, increasing tax revenues through added production and income and reducing government outlays by increasing employment and reducing welfare roles.

II. The establishment of local state currencies along the lines outlined in the September, 1986, Bulletin of the Committee to Restore the Constitution³ will compel the correction by the Congress of the current violation of the U.S. Constitution that permits a privately owned corporation (the Federal Reserve), to control the nation's currency in violation of the express provisions of Article I, Section 8, Clause 5 of the U.S. Constitution: "Congress shall have power ... to coin money and regulate the value thereof." (page 2)

III. The circulation of local commercial credits to support local exchanges

(continued page 4)

LOCAL PURCHASING POWER RESOLUTION

Stagnation in an economy is due to lack of purchasing power. One of the reasons for the stability of the Roman Empire was a coinage system that provided for local control of local purchasing power. The coinage prerogative was divided; gold coinage being the prerogative of the Pontifex Maximum; silver, *ex senatus consulto* and certain principalities, and the bronze coinage being the money of general trade.

Today the banks, by fractional reserve system, can exercise some local control over local purchasing power. This control is constricted by overall banking policy. However, the citizens of a small community, by using each other's credit, can supply a form of local purchasing power which will assist in relieving the congestion in the local economy. In addition, it will provide training and cooperation that could be indispensable in the event of a nuclear attack.

Therefore, if perhaps twenty entities in Battle Mountain, each having the power to redeem their checks by means of goods and services, were to issue personal checks to cash, endorsed by two others, in amounts varying from \$1.00 to \$20.00 and a total amount per participant of perhaps \$200.00, a total of \$4,000.00 would be put into circulation, which would circulate locally and not be removed from the economy.

Initial circulation could be intended for a period of perhaps three months, with the checks withdrawn for inventory purposes and for reporting analysis.

The periodic redemption, after perhaps three months, would allow a report to be made on some of the following subjects which would be of interest: The estimated average velocity of circulation; the number of items destroyed or hoarded; the number of items removed by tourists as curiosities; and the total amount of local goods and services distributed by the local purchasing power. It also would give the community practice in handling of local purchasing power which could be of significant assistance in the event of a nuclear attack. Such an attack would be expected to destroy a great portion of the available marketable goods and productive capacity, and thereby cause people to insist that the person issuing the purchasing power have the capacity to redeem it with local goods and services in the community where the holder resides. Such an eventuality might mean that local credit would pass at a premium compared to the national currency. But it could assure the continued division of labor in a community by means of purchasing power which otherwise might not be feasible under the extreme conditions resulting from a nuclear attack.

There are far more than twenty individuals or businesses which easily could support the issuance of \$200.00 in checks. However, it might be well to limit the original use for pilot purposes to twenty issuers or \$4,000.00 total, and leave to experience the proof of the utility of adding more. This additional issuance might later be handled by one or two Credit Committees who would approve the issuer as to ability to redeem, and permanence in the community and also inventory the checks outstanding.

Because these checks would be intended for local issuance only, and because the Battle Mountain community is oriented to outside Suppliers rather than sources of local supply, it is possible that points of congestion of the checks in the local economy could develop. Methods of relieving such bottlenecks might include the following: If, Don Lake at the Midway Store finds that his employees can move on the average one-third of their weekly paycheck in the form of a local currency, and his landlady, because of bank commitments, can accept but 25%. The convenience of his store and the fact that he has many commodities required by local people, might mean that he ends up with a surplus of the local purchasing power.

However, past credit policies have resulted in his inability to collect certain accounts. John Debtor is in arrears by perhaps \$350.00 and hasn't been seen in the store for some months. Don has the alternative of turning over the account to an attorney and losing half of his claim on a contingent collection, or contacting the debtor along the following lines:

Dear John Debtor:

Your account has been some months past due and I have considered the advisability of turning the matter over to an attorney for collection, which could

***LOCAL PURCHASING POWER RESOLUTION (continued)**

result in added court costs and court fees and a garnishment which could cost you your job. If you will bring your next paycheck to the store I will apply 25% of the check to your account, and in addition I will provide you with 85% of your check in the form of bearer obligations by local businesses.

Instead of costing you court costs and attorney's fees, in collecting this matter by suit, the within offer will give you a bonus in the process of discharging your debt. This I am willing to do in order to help you with your obligation and to regain your patronage as a valued customer.

Very truly yours, Don A. Lake

John Debtor will have no trouble passing the local currency, because if he is in hock to Don Lake for his groceries, he is in hock to everybody else. The fact that this particular paycheck is in local currency will insure that he will deal locally, and Don is much further ahead by the collection of an otherwise questionable account, even though he gives a 10% discount.

The disadvantage of this particular method might be to encourage the checks to pass at a discount. However, because they are intended to be taken up within three months, it is unlikely that this problem will arise, or if it does arise, that it will become serious or continue for very long.

Most businesses in Battle Mountain have ample accounts receivable to support this method of relieving congestion, and if the local checks succeed in liquidating the bum accounts, this is a job that the ordinary currency has so far been unable to do. If in addition, it gets the local gentry in the habit of paying their debts, that benefit alone would be worth the effort.

***STANDING OPERATING RULES**

The Credit Committee shall approve for issuance up to \$200.00 in checks made payable to "bearer" in the following proportions of such Battle Mountain area businesses as have redemptive power for their issues:

- 3—\$20 personal checks signed by the maker and endorsed by
- 7—\$10 two other approved issuers; said endorsements to be
- 8— \$5 general.
- 30— \$1 same as above

\$200 TOTAL

When approved by the Credit Committee, the checks shall be turned over to the Secretary who shall:

1. Punch out the magnetic numbers at one place, using, if available, a distinctive punch.
2. Enter onto a sheet showing all such issues the name of the maker, serial number and denomination of each check together with the name of each endorser.
3. Stamp on the face of each check "Accepted, Battle Mountain Chamber of Commerce". Said stamp, if available to be keyed to show the issue to which it belongs—all checks of the first issue to bear the same key; all checks of any subsequent issue to bear the same key.
4. Return the checks when so logged, stamped and punched, to the maker thereof for payment into circulation into the Battle Mountain community.
5. The log shall be available to any issuer or business listed as an acceptor of the checks.

The initial issuance shall be for a trial period of three months and in the total amount of \$4,000.00. If, in the opinion of the Credit Committee a larger issue shall be advisable, they shall so report to the Chamber at any regular or special meeting, and upon approval of the Chamber may allow such further issuance. The report to the Chamber should include the amounts, denominations and issuers proposed to be used for the further issuance.

One-half of the profit from un-redeemed check shall inure to the benefit of the Chamber of Commerce and one-half to the issuer thereof. The Credit Committee shall determine when a check shall be considered un-redeemed.

CONCEPTS (continued)

following the pattern outlined in Local Purchasing Power Resolution⁴ and Standing Operating Rules⁵ will further expand local control of local purchasing power, stimulate the development of local economic autonomy and greatly improve the capability of the community employing the device of local purchasing power to survive and recover from nuclear attack. (see page 3 & 4)

C. The establishment of commercial "community" banks in communities where branch banking systems are siphoning off purchasing power to other locations will tend to arrest the out flow of capital and in some instances can even reverse the flow. Commercial banks have the power to lend the same dollars many times under the fractional reserve system. This practice increases the amount of purchasing power that is available to support commerce. Unit or community banks make their loans in the area where they have the expertise to make sound and productive loans—their own communities. This policy will increase the amount of capital that is available to develop our natural resources in the locations where the resources are, and will create employment and commerce in rural communities, reducing the exodus of the population into nuclear target areas.

D. An important adjunct to community banks is a state owned and operated commercial bank along the lines of the Bank of North Dakota, which serves as a clearing house for unit banks and is a correspondent bank for larger loans. Placing public funds in a state owned commercial bank where they can serve as a fractional reserve for a much larger amount of bank credit increases the capital capabilities of the state, which helps fund the development of resources before an attack and recovery operations post attack.

E. Expanding the use of the National Guard in military plans and activities reduces costs and turnover by keeping military personnel closer to their homes. A larger number of smaller units spread throughout the country decreases the numbers that would be lost in a nuclear first strike, and places the military closer to where they will be needed for recovery operations.

F. The encouragement of the Strategic Defense Initiative can help reverse our inferior defense posture as well as providing benefits in technology and medicine. (See Col. Bearden's article in January 1988 CRC Bulletin.