

Federal Reserve reaction: 'So be it'

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According to orthodox economic theory widely accepted in government and by academic economists since the 1930s, precious metals are not needed to assure the viability of a nation's currency.

The nation's central bank did not appear worried last week when informed that it now has competition from NORFED's new silver-backed currency, the American Liberty.

"The way I would respond to NORFED is this: The economy is incredibly productive. There's low inflation. The unemployment rate is the lowest in 30 years. What's broke?" said Art Rolnick, director of research for the Federal Reserve Bank of Minneapolis. It is part of the nation's quasi-public, quasi-private central banking system authorized by Congress in 1913.

According to orthodox economic theory widely accepted in government and by academic economists since the 1930s, precious metals are not needed to assure the viability of a nation's currency. The United States government maintains confidence in the currency by putting "full faith and credit" of the government behind it. If the government is politically stable, spends within its means, has a productive economic system, and is not overly threatened by foreign invasion or other international threats, the government-backed (rather than precious-metal-backed) currency remains stable as a store of value.

The currency "floats" in comparison to other currencies, its value changing through the estimation of lenders who buy the bonds that back up the government's money.

The United States has been off the gold standard for money domestically since 1933, and off the gold standard internationally since 1971. Regulating the money supply, and thereby interest rates, is entrusted by Congress to the Federal Reserve Banks.

The Fed is a quasi-public, but essentially private, institution of member banks, to which Congress has delegated the sensitive political task of regulating the amount of money in circulation. Central bank proponents believe that this arrangement insulates the technical economic task of ensuring a stable currency from the vagaries and volatility of day-to-day, year-to-year politics or, for that matter, the supply or scarcity of precious metals such as gold or silver that are held in safekeeping to assure the worth of metal-backed currencies such as the NORFED American Liberty dollar.

But critics do have a point when claiming that such delegation is questionable in the American system of government, according to at least one scholar.

"What is distressing about the Federal Reserve is you have a private group of bankers that control whether interest rates go up and down. They (Fed members) are private citizens, yet

they wield the power of government. So you can certainly make the argument that this is an improper delegation of government power to private citizens," said Larry Elison, law professor emeritus at the University of Montana.

But he hastens to add: "But it's not going to do you any good, to make the argument, because the system has been in place too long."

One of the earliest decisions of the U.S. Supreme Court upholding federal power over the states, *McCulloch vs. Maryland*, dealt directly with the issue of congressional authority to form a central bank. The high court decided in 1819 that Congress could establish such a national bank, exempt from the taxation of the state of Maryland, because the "power to tax is the power to destroy." Other cases through the years have entrenched this interpretation of the Constitution.

"The Supreme Court is not going to touch those cases (that might challenge *McCulloch vs. Maryland*) because they are fixed in the law," he said.

McCulloch gave Congress supreme authority to regulate many economic questions, he said.

"Not only does the federal government have the authority to do a specific thing, but it has the implied powers to do everything necessary to implement" that congressionally mandated federal policy, he said.

The Federal Reserve economist and historian Rolnick agreed.

"These (NORFED) guys are right when they say there is nothing in the Constitution explicitly allowing a national bank. But the Constitution gives Congress the authority to regulate money and the value thereof, and courts have upheld Congress' implied powers," Rolnick said.

Naturally, Congress can undue what it has done - it can repeal the Federal Reserve Act and the Internal Revenue Code if it so chooses. Congress, after all, is the elected voice of the people in America's representative democracy. But people have to vote - with their votes and their money.

"If these (NORFED) people want to issue their own money, **so be it**. It will be interesting to see what the public thinks," Rolnick said.

NORFED REPLIES TO: **"WHAT'S BROKE?" WITH THE FEDERAL RESERVE**

In a recent article in the *Missoulian*, Mr. Art Rolnick, the director of research for the Federal Reserve Bank of Minneapolis points out that "The economy is incredibly productive. There's low inflation. The unemployment rate is the lowest in 30 years." And concludes with an interesting question, "What's broke?"

Well, Mr. Rolnick, NORFED, hundreds of Liberty Associates, and thousands of users of the New American Dollar wish to point out that the Federal Reserve (F*R*) broke God's Law and the US Constitution. Please consider these points:

1 . LAW

Lying for a profit is breaking the Law. It is codified as fraud in all other industries except for Banking, where it is legalized as "orthodox economics". F*R* operates under false pretenses and has from its very conception. Even its name was chosen to deceive a gullible and miss-educated people. The F*R* is a lie and a fraud on the American people.

2. TRUTH

The F*R* lies when it says it fights inflation. The F*R* is a classic example of the Hegelian Process. The only cause for inflation is their manipulation of the country's money. If F*R* didn't create the problem, there wouldn't be a problem. The common man can and does manage its affairs in a free market.

3. VALUE

The F*R*Notes don't even provide a reliable store of value – one of the most essential services of any money. Since 1913 when the F*R* was legalized by Congress, the US dollar has lost 98% of its valued. The 1913 dollar is now only worth two cents. That 98% was stolen. And stealing, regardless of its size, is breaking the law.

4. FREEDOM

It was unconstitutional for the government to break their obligation to the people and legalize the fraudulent banking empire in return for a limitless supply of money to fund its own anti-people agenda. It is immoral for the government to enslave the American people with perpetual debt.

5. PEACE

The F*R* breaks the peace by finances the government's wars while its own policies even leads to war. The seed of breaking the peace is created when the F*R* issues fiat money. A currency based on value i.e. gold and silver is a deterrent to war. Fiat currency acts just the opposite.

6. DISCIPLINE

F*R* breaks the discipline of an absolute (physical) standard of value, and destroys the monetary relationship to man's value system. Gold brings order to the financial system just as guns bring order to the social system. Without gold, there is no check and balance on the government, and its ability to buy influence for its own unconstitutional agenda.

7. TIME

The most disastrous break occurs over time. Inflation from the fiat money steals the purchasing power day after day, every day. And the only cause for this inflation, this thief, is the F*R*'s legal yet immoral actions. Actions that are especially severe for elderly people who are defrauded of their savings and die in poverty. Lying for a profit is breaking the Law.

8. HISTORY

The fatal consequences of fiat money are universal in history. Every time fiat currency has been used, it has led to open lawlessness or tyranny. History is very clear and undeniable on this point, fiat currency empowers the issuer at the cost of the common man's freedom.

In an unholy alliance, the owners of the international banks have simply bought control of the US Government with a limitless supply of "money" for limitless profits. Currently the F*R* and its fractional reserve banking system is a legal yet immoral entity that is permitted to masquerade as a government agency and operate fraudulently by the state. And yes, although all is well with the economy today, it will not be tomorrow when the F*R* wrings out inflation and the American people will have hell to pay. Yes Mr. Rolnick, it will be interesting to see what the public thinks.

NORFED prefers to Trust in God, and gold and history and support the common man's eternal quest to be free. While no currency truly backed by a precious metal has ever failed, fiat legal tender currency has never succeeded except at the cost of the common man. For those of you who conspire to enslave us with perpetual debt, we ask you to consider these eight points very carefully and protect yourself with some New American Dollars.

Thank you Mr. Rolnick for your remarks and the Federal Reserve's reaction of "So be it." "So be it", indeed Mr. Rolnick.