

## **“CORPORATIVISM IN MONEY AND BANKING HAS LED AMERICA TO FASCISM”**

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In his State of the Union Message to Congress of 11 January 1944, President Franklin D. Roosevelt warned that

[w]e cannot be content, no matter how high th[e] general standard of living may be, if some fraction of our people—whether it be one-third or one-fifth or one-tenth is ill-fed, ill-clothed, ill-housed, and insecure.

This Republic had its beginning, and grew to its present strength, under the protection of certain inalienable political rights—among them the right of free speech, free press, free worship, trial by jury, freedom from unreasonable searches and seizures. They were our rights to life and liberty.

As our Nation has grown in size and stature, however—as our industrial economy expanded—these political rights proved inadequate to assure us equality in the pursuit of happiness.

We have come to a clear realization of that fact that true individual freedom cannot exist without economic security and independence. “Necessitous men are not free men.” People who are hungry and out of a job are the stuff of which dictatorships are made.

In our day these economic truths have become accepted as self-evident. We have accepted, so to speak, a second Bill of Rights under which a new basis of security and prosperity can be established for all regardless of station, race, or creed.

Among these are:

The right to a useful and remunerative job in the industries or shops or farms or mines of the nation.

The right to earn enough to provide adequate food and clothing and recreation.

The right of every farmer to raise and sell his products at a return which will give him and his family a decent living.

The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad.

The right of every family to a decent home.

The right to adequate medical care and the opportunity to achieve and enjoy good health.

The right to adequate protection from the economic fears of old age, sickness,

accident, and unemployment.  
The right to a good education.<sup>1</sup>

In Roosevelt's mind, all of these "rights" were to be secured by positive governmental programs, implemented through a vast New Deal bureaucratic welfare state. Actually, it would have been more accurate to call this apparatus a "permanent dependency state", necessarily tending towards an economic totalitarian state, because everyone entitled to or desirous of such "rights" would look to public officials to fulfill them, and therefore would support an ever-more-powerful central government capable of performing whatever functions were necessary to that end.

And by promising an ever-increasing cornucopia of benefits, public officials would guarantee themselves a "permanent incumbency state" under the slogan "spend and spend, elect and elect".

To accomplish that, however, the disposable income of the General Government would have continuously to increase.

Although to some degree this could be effected through taxation—Harry Hopkins' version of the slogan being "tax and tax, spend and spend, elect and elect"—the inevitable resistance by taxpayers, or their economic destruction, would impose an upper limit on the ability to "spend and spend, elect and elect".

In the final analysis, for the scheme to work, the General Government would have to commit to ever-increasing borrowing from the banks, and therefore to ever-increasing inflation, or to the emission of Treasury notes directly—the slogan becoming "tax and tax, borrow and borrow, inflate and inflate, spend and spend, elect and elect".

The self-evident problem with this scheme, though, is that it is self-destructive. And not only must it destroy itself, but also it will inevitably drag down society as a whole with it.

As dark as this picture is, however, it takes only a little intelligence, insight, and imagination to visualize these "rights" in quite a different light. For every one of them would be recognized in a truly free society, too. Not, however, as "economic rights", except derivatively. Rather, they would be "political rights"—as the Declaration of Independence described them, the "unalienable Rights" to "Life, Liberty, and the pursuit of Happiness".

They would be "rights" in the sense that no individual and no group either in private station or in public office would be allowed to interfere with anyone else's otherwise legitimate attempts to secure these benefits for himself, by dint of his own efforts or in voluntary coöperation with others of like mind. The government's only rôle would be to protect freedom of speech, private property,

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<sup>1</sup> To be sure, these were not Roosevelt's own, original ideas, but instead derived from his formative experiences in the Woodrow Wilson Administration. See Thomas Fleming, *The New Dealer's War: F.D.R. and the War within World War II* (New York, New York: Basic Books, 2001), at 326 & note 39.

and freedom of contract, and to suppress every sort of tortious and criminal behavior that interfered with the effectuation and enjoyment of these “rights”, whether perpetrated by private parties or by public officials —*especially monetary, banking, and other financial frauds, which interfere with every one of these “rights”*. Under such circumstances, every one of these “rights” would be perfectly capable of achievement in a stable, prosperous, and free society.

But, in point of fact, under neither definition have these “rights” been attained in America.

They have not been, and could never be, secured as “economic rights” in Roosevelt’s sense of that term and by the means Roosevelt proposed, because the General Government is incompetent to provide them. And although they could have been guaranteed as “political rights” by the means the Constitution provides—primarily, its limitations on the powers of the General Government—they have not been achieved, because rogue public officials and private special-interest groups have proven sufficiently competent to interfere with the exercise of every one of them. What does the record show? Failure upon failure:

- *The promise*: “The right to a useful and remunerative job in the industries or shops or farms or mines of the nation.”

*The reality*: A large proportion of the most “useful and remunerative job[s]” have been exported to far-away lands; and what is left of the national economy is beset with massive unemployment, underemployment, and downright wasted employment.

- *The promise*: “The right to earn enough to provide adequate food and clothing and recreation.”

*The reality*: Instead of “earn[ing] enough”, or even “earn[ing anything]”, more and more Americans every day must fall back on welfare, food stamps, and other forms of public assistance, consume their meager life savings, or sink deeper and deeper into debt.

- *The promise*: “The right of every farmer to raise and sell his products at a return which will give him and his family a decent living.”

*The reality*: Families are being systematically driven off the land by oligopolistic corporate agribusinesses.

- *The promise*: “The right of every businessman, large and small, to trade in an atmosphere of freedom from unfair competition and domination by monopolies at home or abroad.”

*The reality*: Domestic businessmen are confronted with ever-more-destructive unfair competition from foreign manufacturers who do not have to contend with America’s minimum wages, labor laws, environmental laws, health and safety laws, unemployment insurance, and so on.

- *The promise*: “The right of every family to a decent home.”

*The reality*: The housing market has been Ponzified, riven with fraud, and thrown into chaos.

- *The promise*: “The right to adequate medical care and the opportunity to achieve and enjoy good health.”

*The reality*: The proven unworkability of the General Government’s previous interventions in America’s health-care industry is now being employed by politicians and special-interest groups as an excuse to ram down the people’s throats a full-fledged fascistic system that both presents a clear and present danger to every common American’s physical and mental well being, and promises to be financially unsustainable to boot.

- *The promise*: “The right to adequate protection from the economic fears of old age, sickness, accident, and unemployment.”

*The reality*: The jungle drums in the Disgrace of Columbia are beating out the message that Social Security must be gutted—and, with it, what little financial security most retirees have.

- *The promise*: “The right to a good education.”

*The reality*: the biggest and cruelest hoax of all, because it affects the future more than everything else. America’s elementary and secondary schools cannot teach children to read, write, and figure, let alone to think critically—but they can fill their heads with every form of sexual perversion imaginable. Colleges and universities are the last bastions of unadulterated, unreconstructed, unapologetic Marxism, radical feminism (a variety of Marxism in which the gender struggle substitutes for the class struggle), apocalyptic environmentalism, blatant racism, Keynesianism, and every other socially destructive “ism” known to modern man. In any event, even graduates who have mastered some useful discipline cannot find jobs in their areas of specialization, but are saddled with tens of thousands of dollars of debt for student loans.

In his 1944 State of the Union Address, Franklin Roosevelt concluded that: “All of these rights spell *security*.” If he was correct then, what does *the utter absence* of these rights today spell?

Americans had better come to grips with that question, and soon—because, some sixty-eight years after Roosevelt made his pronouncement, America has a full-fledged Department of Homeland Security, yet common Americans find themselves in the worst state of economic, political, social, moral, and even physical insecurity this country has ever experienced.

Perhaps, though, we cannot rightfully blame Franklin Roosevelt for this mess, except as an accessory after the fact. The real blame must be laid at the doorstep of Woodrow Wilson’s Administration. And specifically at the doorstep of the Federal Reserve System, because the

unworkable monetary and banking systems foisted on this country in 1913 lie at the root of all of these economic and political problems.

To conclude that this disgraceful state of affairs is the result of monetary, banking, and other allied financial fraud, facilitated at every step by legalistic sleights-of-hand and political chicanery, is not to oversimplify the problem, but instead to describe its genesis in the most focused fashion possible. For, in the final analysis, the effectuation of every one of these “rights” in their meaningful sense is tied to the existence of sound money, of a rational price structure, of protection for participants in the free market against financial fraud, and therefore of a monetary and banking system that:

(i) provides the people with a monetary unit the substance and supply of which is not subject to political manipulation;

(ii) absolutely separates bank and state; and therefore

(iii) strictly limits the powers of the General Government, so that it is impossible for public officials to employ the scheme of “tax and tax, borrow and borrow, inflate and inflate, spend and spend, elect and elect”.

Conversely, the frustration of these “rights” is assured by the emission of unsound “political money”, by a nonrational price structure, by immunity in law or simply in fact for the perpetrators of massive financial fraud, by integration of bank and state, and ultimately by a totalitarian central government working hand in glove with private bankers and other speculators. *And this is true whether or not the “political money” purports to be redeemable in silver (as it was prior to 1968) or in gold (as it was prior to 1933 domestically and 1971 internationally), or is unabashedly fiat (as it is today).*

To be sure, sometimes it is difficult to differentiate the chicken from the egg. Has America suffered economic failure because of political failure, or political failure because of economic failure? The answer is *codetermination*: Economic and political failure have marched in lockstep, because the same culprits have been responsible for both.

The Federal Reserve System and its clients and henchmen, both economic and political, constitute a classic, indeed a quintessential, “faction”. As defined by James Madison: “a faction” is “a number of citizens, whether amounting to a majority or a minority of the whole, who are united and actuated by some common impulse of passion, or of interest, adverse to the rights of other citizens, or to the permanent and aggregate interests of the community”.<sup>2</sup>

Economically, the big banks and financial houses are, first and foremost, engines and agents of speculation, peculation, and economic predation. They are not concerned with “the general

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<sup>2</sup> *The Federalist* No. 10.

Welfare”,<sup>3</sup> only with their “bottom lines”.

Politically, they are engines and agents of subversion. They do not seek to aid the General Government in the general interest, but instead to coöpt, coerce, and control that government in order to maximize and protect the profits of their operations, while shifting the losses to whomever else can be made to bear them. The General Government has become a compliant component of their business plans. And, through the operations of that government, the American people have become unwilling servants of those plans, too—and necessarily so, because the government has no resources it does not take from the people.

The bankers and their allies have been at this game since the very birth of this country—with the Bank of North America, the first and second Banks of the United States, and the National Banking System of the Civil War. Throughout the Nineteenth Century, however, Americans failed to follow the prudential rule that, when dealing with factions, never listen to what they say *about* themselves, but always observe what they do *for* themselves and *to* everyone else.

This failure became critically important after 1913, because the Federal Reserve System goes far beyond mere factionalism.

The Federal Reserve System is specifically a *corporative-state* arrangement: basically a governmentally sponsored cartel of private bankers and speculators that exercises authority delegated under color of law supposedly to serve both public and private interests in the area of currency and credit. What has become obvious today, however, and should always have been self-evident from the nature of all such systems—particularly in the field of money and banking where the potential for redistribution of wealth is greatest—is that the private interests of the operators of the cartel and their political allies inevitably take precedence over the public interest in the general welfare of common Americans.

When Franklin Roosevelt put such a scheme into effect throughout American industry in the National Industrial Recovery Act of 1933,<sup>4</sup> the Supreme Court, in an unanimous opinion, denounced it, saying: “Such a delegation of legislative power is unknown to our law and is utterly inconsistent with the constitutional prerogatives and duties of Congress.”<sup>5</sup> In the face of this decision, the only reasons the Federal Reserve System still exists are that: (i) it was not subsumed in the National Industrial Recovery Act in 1933, but was the product of a different statute enacted in 1913; and (ii) the Supreme Court has never heard a case challenging the System on those grounds (and probably never will).

That the Federal Reserve System has usurped a set of powers “unknown to our law and \* \*

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<sup>3</sup> U.S. Const. preamble.

<sup>4</sup> Act of 16 June 1933, ch. 90, 48 Stat. 195.

<sup>5</sup> A.L.A. Schechter Poultry Corp. v. United States, 295 U.S. 495, 537 (1935).

\* utterly inconsistent with the constitutional prerogatives and duties of Congress” must have the most seriously deleterious consequences.

In general, through corporativism special-interest groups employ their political influence in order to obtain economic control over some segment of the economy. That economic control increases the power of those groups, enabling them to garner even more political influence.

In the area of money banking, in particular, corporativism leads inevitably to all-around fascism. This is because banking organized on corporative-state lines is inherently unstable, for at least three reasons:

*First*, fractional-reserve banking amounts to a Ponzi scheme. The banks promise to pay their depositors on demand money they do not keep in reserve. Therefore, if withdrawals exceed reserves, they must pay earlier depositors with later depositors’ money, or with proceeds from outstanding loans which themselves may or may not be fully paid.

*Second*, a government’s reliance on a central bank to monetize public debt will amount to a Ponzi scheme, too, at the point where new debt must be incurred simply to service old debt.

*Third*, a currency unit based upon debt will tend seriously to depreciate in value over time, even when it starts out redeemable in gold or silver.

Faced with these problems, to keep its head above water the Federal Reserve System has been compelled constantly to expand the set of those individuals and institutions who or which use, *or are forced to use*, its currency and to incur debt. Having established its currency as national “legal tender” in 1933, having removed the restraints of required redemption in gold in 1933 (domestically) and 1971 (internationally), having tied the Treasury of the United States to a policy of endless monetization of public debt, having obtained the ability to manipulate and loot domestic markets in the guise of making what is euphemistically called “monetary policy”, and even having assumed the imperialistic rôle of a “world central bank” emitting a “world reserve currency” which has enabled it and its clients to loot markets across the globe—having done all this, nevertheless the Federal Reserve System now finds itself confronted with serial crises, for which only one solution appears workable: *an even greater* expansion of *fiat* currency, bank credit, and United States Treasury debt, to be dumped on a world increasingly less willing to accept it, in exchange for valuable natural resources and cheap human labor.

Such hyperbolic economic imperialism will fail, however, unless it is coupled with political imperialism. And political imperialism in service of what used to be denounced as “the Money Power” will not succeed unless it is backed up by outright *military* imperialism, “the iron fist in an iron glove”—because foreign nations will not sit still for long while their economies are manipulated from London, New York City, and the District of Columbia; while their natural resources are extracted

at bargain-basement prices; and while their populations are hired at coolie wage-rates and then paid in ever-depreciating Federal Reserve paper currency, bank credits, and United States Treasury debt. Which resistance, far more plausibly than the so-called “war on terrorism”, explains the metastasis of American military bases throughout the world over the last several decades, and especially the doctrine of “preëemptive war”—that is, naked aggression—enunciated by the George W. Bush régime and continued by the Obama régime.<sup>6</sup>

Domestically, too, the Federal Reserve System finds itself increasingly on the defensive. The Federal Reserve’s currency—both paper and electronic—is based entirely upon debt. As the level of both public and private debt becomes unsustainable, the longevity of that currency becomes problematical. Hyperinflation seems a not unlikely cause of death. So crises in banking and in public finance are proliferating at all levels of America’s federal system—setting the stage for an economic catastrophe, because apparently too many Americans who could influence events in a positive direction are too stubborn to admit that, when an unsound currency stands on the brink of self-destruction, a sound alternative currency should be introduced into the economy as soon as possible.

Average Americans, of course, may not understand *why* all this is happening—but they do realize that it *is* happening, and that their own livelihoods, standards of living, and hopes for a decent education, long-term employment, and a comfortable retirement are in jeopardy. The 99% are not blind to which the 1% are doing. They observe the big bankers and their cronies being bailed out financially, immunized from prosecution politically, and infused statutorily with even more abusive powers “unknown to our law and \* \* \* utterly inconsistent with the constitutional prerogatives and duties of Congress”—while the common man receives nothing in the near term and in the long term will be forced pay for all the bail outs, quantitative easings, and other financial chicanery through increased taxation, inflation, and austerity.

If not stopped and punished, this naked looting of the economy and massive redistribution of wealth from the middle class to *le gratin financier* can only inflame the populace, leading first to social unrest, then to civil disobedience, and finally to violent resistance. But the banking cartel and its allies have no intention of attenuating their avarice. So, domestically, a nationwide *para*-military police-state apparatus must be—and even as I speak is being—put into place at breakneck speed, in order to clamp down on dissenters and compel the common man to accept whatever economic stringencies are necessary to save the banking system.

In the final analysis, *all* of this—imperialism abroad, repression at home—arises, and had to

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<sup>6</sup> Actually, this “Bush Doctrine” is nothing new. It is merely the logical expansion of old “Brezhnev Doctrine” now embossed with the Stars and Stripes rather than the Hammer and Sickle. Under “the Brezhnev Doctrine”, the Soviet Union claimed the right to invade any country among its satellites that deviated too far from the Communist Party line as enunciated in Moscow. Under “the Bush Doctrine”, the United States claims the right to impose crippling economic sanctions upon, to ring with military bases, and if those tactics do not work then to launch *ersatz* “wars of national liberation”, to bomb, and even to invade, *any* country, without distinction, that refuses to subordinate its economy to the dictates of the Financial Axis that runs from London, through New York City, to the District of Columbia.

arise, out of the corporative-state nature of America's central banking system. More than that, imperialism in search of what could be called economic *Lebensraum*, coupled with the imposition of a domestic police state, is the essence of full-blown *fascism*. So, finally, the fruit of monetary and banking corporativism, in all its bitterness, falls from the tree:

The big banks, financial houses, and dens of speculators which Americans are told are “too big to fail” *have failed and will continue to fail*. But the politicians will relieve them of the weight of their failures by shifting that load of moan onto the backs of ordinary citizens. That is, in the fascist lexicon, “too big to fail” really means “to big to pay”. “Too big to fail” means that *someone else* will be compelled to pay the price through taxes, through inflation, and through enforced austerity in living standards—someone else who cannot afford to pay, and is neither legally nor morally obligated to pay. The government can fail—as it has failed by becoming the mere puppet of the big banks, financiers, and speculators. The economy can fail—as it has failed with the Great Depression of the 1930s, with alternating recessions and “bubbles” thereafter, and now with the looming specter of depression, hyperinflation, or hyperinflation followed by depression. Even the people can fail—with untold economic suffering, political instability, and social dislocations, rather than peace and prosperity, their lot. But the big banks, financial houses, and their favored clients and political whores cannot be suffered to fail, or even allowed to suffer.

Thus America has arrived at the point of superordination of bank to state, and subordination of society to bank and state, the point at which the complex of bankers, financial speculators, and crony politicians has become so entrenched, and so puissant both economically and politically, that it can openly operate according to the principle: “It is not the State which gives orders to us, it is we who give orders to the State!” This noxious principle cannot be overemphasized, because perhaps its most famous exponent was no less than Adolf Hitler, who made precisely that statement, at the 1934 Nazi *Reichsparteitag*.<sup>7</sup> Pay attention to that, because the ultimate significance of this parallel will be explained anon.

It is amazing, nonetheless, how the free market has managed to cope with these problems until now. Yet, for all that, the free market is not omnipotent. So heavy a burden, so great a strain have been put on it, that it is breaking down. *And it must collapse entirely if the unit of currency is destroyed, because then the entire structure of prices and the possibility of rational economic calculation will go, too.*

Worse yet, as a consequence of political and economic failures at the highest levels, America's ship of state is about to embark upon the historically uncharted waters of social failure. As the political system proves impotent to cage the gigantic financial predators, but instead sets them loose to feed upon the people as upon so many tethered sheep, and aids and abets them in doing so—as the economic system melts down—as middle-class standards of living give way to ever-deepening austerity—massive civil unrest and disobedience will ensue. Some people bereft of economic hope

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<sup>7</sup> Recorded on film by Leni Riefenstahl in “*Triumph des Willens*”.

may simply shoot themselves in despair, as that poor Greek pensioner did not so long ago. But others may descend to such a depth of hatred and a desire to take vengeance on their oppressors that they will decide to shoot someone else instead. Heaven forefend that such events might occur! Yet the prudent man must take into account the possibility that God may finally have washed His hands of this whole sordid matter, and left it to mere mortals to sort out as best they can.

The Money Power is well aware of these dire possibilities. Through its own incompetence, hubris, and greed it has rashly torn open Pandora's Box, and released a panoply of evils, for which it knows but one remedy: in the true spirit and practice of fascism, to unleash police-state oppression aimed at every American who steps out of line. After all, protecting the perpetrators of financial fraud by repressing their victims is nothing new. In the 1930s, as a consequence of the collapse of the Federal Reserve System, Americans were forced to accept irredeemable Federal Reserve Notes as "legal tender", were prohibited from enforcing contracts payable in gold, and were dispossessed of their gold, all for the benefits of the banks "too big to fail".

But the likely extent and duration of the coming catastrophe is so great that mere monetary and banking repression will not suffice. This is the real, if recondite reason for the Department of Homeland Security—not to combat Muslim fanatics, hiding in squalid caves and huts in Obscuristan, who "hate our freedoms"; but instead to suppress average Americans who have had enough of a domestic political and economic system that is purposefully destroying their freedoms.

Be clear about this: America's *Reichssicherheitshauptamt* is not preparing for the hard times ahead by stockpiling gold, but by stockpiling *lead*. From 2009 through early 2012 the Department of Homeland Security and the Federal Bureau of Investigation contracted for the delivery of some 750 million rounds of .40 Smith & Wesson caliber hollow-point ammunition.<sup>8</sup>

Why do these armed agencies of the General Government expect to need to have 750 million rounds of such ammunition on hand during the next few years? As everyone the least familiar with firearms knows, .40 S&W hollow-point ammunition is not simply an *anti-personnel* round, but is specifically an *anti-civilian* round, because under the Hague Convention,<sup>9</sup> and the Rome Statute of the International Criminal Court,<sup>10</sup> it cannot be used in international warfare.<sup>11</sup> So this ammunition can be expected to be employed only *in* "the homeland" and only on *civilian* residents of "the homeland". Therefore, the Department of Homeland Security anticipates that a situation is likely to arise in the near future in which armed agents of the General Government will have to kill or maim Americans on a *very* large scale. (And this is only *one* major agency, stockpiling *one* type of

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<sup>8</sup> 2009—DHS-ICE entered into a contract for 200,000,000 rounds of .40 S&W ammunition over the ensuing five years. 2011—FBI awarded a contract for up to 100,000,000 rounds of .40 S&W ammunition over the ensuing five years. 2012—DHS awarded a contract for 450,000,000 rounds of .40 S&W ammunition over the ensuing five years.

<sup>9</sup> Declaration III (1899).

<sup>10</sup> Part 2, Article 8, § 2(b)(xix).

<sup>11</sup> This prohibition stems from the Declaration of St. Petersburg (1868).

cartridge, for *one* type of firearm.)

Worse yet, speaking at the Northwestern University School of Law on 5 March 2012, the Attorney General of the United States attempted to defend the Obama régime's policy of "official assassinations". In this, he was unsuccessful, from the point of view of a *constitutional* justification.<sup>12</sup> But fascists do worry about constitutional justifications. The point of the exercise was not to assuage Americans' concerns (if any they have) about killing a few rogue Americans, let alone foreigners, who engage in acts of supposed "terrorism" against the United States. It was to announce that *any* American whom the Executive Branch, through some secret procedure, labels an "enemy combatant" or "terrorist" can simply be killed, entirely outside of and without recourse to judicial process—with no formal charges, no indictment, no trial, no conviction, no sentence, and of course no possible appeal from the far side of the River Styx. It is hard not to conclude that this provides the final proof of the the complete moral political and moral bankruptcy of this country's ruling class. Because, once again, the applicable parallel runs to none other than Adolf Hitler and his address to the German *Reichstag* on 13 July 1934, in which he declared that, in his self-appointed capacity as "supreme judge of the German People" ("*das deutschen Volkes oberster Gerichtsherr*") he could order the assassination of anyone whom he considered a threat to the state. *And everyone even minimally conversant with history knows where that episode led.*

So, recall Roosevelt's State of the Union Address in 1944, and ask, "*Who really won World War II?*" Why,

- Benito Mussolini, economically—because America now has a fully functioning fascist economy, centered around the Federal Reserve System;
- Adolf Hitler, politically—because America now has a régime based upon *das Führerprinzip* which claims the power to murder anyone it chooses, at home or abroad; even
- Hideki Tojo, internationally—because the Greater East Asia Co-Prosperty Sphere is now being carved out, not by Japan, but by China, and with the assistance of turncoat American globalist corporations; and ultimately, perhaps even
- Otto von Bismarck—because the world is likely to witness the establishment of a new *Dreikaiserbund*, not among Imperial Germany, Russia, and Austria (as Bismarck recommended), but among Germany, Russia, and China.

And the root cause of these defeats for America? The control the big banks, financial houses, and speculators exercise over the General Government: that is, *the integration of bank and state.*

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<sup>12</sup> See my demolition of Holder's contentions in "Where is the Outrage?" at <[www.newswithviews.com](http://www.newswithviews.com)>.

Americans now know from rude experience what should have been obvious from simply examining the structure of Federal Reserve System as proposed in 1913:

- “Political money” in the hands of a central authority consisting of private bankers and their stooge politicians is fascism in the field of money and banking
- “Political money” infuses the economic principles of fascism into every aspect of life that currency and credit may affect.
- ”Political money” injects the political principles of fascism into every aspect of life in order to secure the dominance and permanence of the fascist economic system. Therefore,
- “*Political money*” is the precursor to and support for fascism in all things.

The Federal Reserve System’s “political money” was foisted on this country by so-called “progressives” during Woodrow Wilson’s Administration. Rightly understood, though, “political money” is the tool of the most rapacious reactionaries. Here, one must agree with Mao Tse-tung that

[a]ll reactionaries are paper tigers. In appearance, the reactionaries are terrifying, but in reality they are not so powerful. From a long-term point of view, it is not the reactionaries but the people who are really powerful.<sup>13</sup>

So, what is to be done with these reactionaries? WE THE PEOPLE must recall the wise admonition of Josiah Quincy, Jr., who asked, “What boundaries will they set to their passions, who have no limits to their power?”<sup>14</sup> Americans must stop pussy-footing around with half-measures, and instead strike at the heart of the beast, by imposing strict constitutional limitations on money and banking. To wit,

**1. The only official governmental currency must be a time-tested sound currency, composed of a valuable commodity the supply of which the free market controls.**

**a.** Each of the several States in the Union, as well as the United States, must officially recognize and affirm that a sound medium of exchange, adopted as official currency, is indispensable to the legally and politically just and economically efficient operation of both government and the free market at every level of the federal system.

**b.** Each of the several States in the Union, as well as the United States, must take all

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<sup>13</sup> *Quotations From Chairman Mao Tse-tung* (Peking, China: Foreign Languages Press, 1966), at 72.

<sup>14</sup> *Observations on the Act of Parliament, commonly called the Boston Port-Bill; with Thoughts on Civil Society and Standing Armies* (London, England: Edward and Charles Dilly, 1774), at 50.

appropriate actions to adopt and preserve such a currency for the benefit of their citizens.

c. This currency must consist of weights of silver and gold as the only units of governmental money. No government within the federal system may emit “bills of credit”—that is, paper currency redeemable in silver or gold, either directly from its treasury or indirectly through any kind of bank, whether public or private, national, international, or *supra*-national. And, obviously, no government within the federal system may emit “bills of *discredit*”—that is, an irredeemable or *fiat* paper currency—either directly or indirectly.

d. Each of the several States in the Union, as well as the United States, which adopts silver and gold as official currencies for the performance of its governmental functions must be legally obliged to refrain from debasing those currencies, or from attempting to manipulate the purchasing power of one metal in terms of the other. Once the unit of the monetary system is fixed in (say) a weight of silver, that weight cannot be changed. And the free market must be allowed to set the weight of gold that exchanges against that weight of silver.

**2. Absolutely free competition in currency must be guaranteed to every individual in every area of private financial activity.**

a. Each of the several States in the Union, as well as the United States, must recognize that every individual enjoys the inherent and unalienable right to acquire, hold, and employ as his media of exchange whatever things he may in his own judgment prefer, including gold and silver coin and bullion in whatever forms may be provided by governments or by private enterprises.

b. None of the several States in the Union, nor the United States, may erect any barrier to the circulation within its territory of any medium of exchange which any State or the United States has adopted as an official medium of exchange or which private parties have chosen to employ in transactions among themselves.

c. None of the several States in the Union, nor the Union States, may impose any tax, charge, or financial penalty—whether denominated, calculated, or collected as a “sales tax”, “excise tax”, “income tax”, “capital gains tax”, “gross receipts tax”, or under any other rubric whatsoever—upon the exchange of one form of currency for any other form of currency.

d. None of the several States in the Union, nor the United States, may impose any tax, charge, or financial—howsoever denominated, calculated, or collected—with respect to any exchange of a particular form of currency for any non-monetary good, service, or other property of whatever type or description, and whether the transaction occurs in “commerce” or otherwise, on the grounds that the purchasing power of that form of currency at the time of such exchange is greater than its purchasing power when it was originally acquired by the person employing it in that exchange.

e. Except in the payment of taxes, fees, duties, imposts, excises, public dues, fines, or penalties

assessed in substantive and procedural conformity with the Constitution, none of the several States in the Union, nor the United States, may compel any individual or legal entity to employ any particular medium of exchange in his or its financial transactions; or may require that any private debt, contract, or other obligation payable in money be paid in any medium of exchange other than the one the parties thereto have expressly or impliedly stipulated for payment.

f. None of the several States in the Union, nor the United States, may prevent or impede any individual or legal entity that charges a price or fee for any goods or service from: (i) specifying what medium or media of exchange will be accepted in payment for such goods or service; or (ii) applying a discount or a surcharge to such price or fee depending upon the particular medium of exchange or the method of payment employed by the person purchasing such good or service.

### **3. Private monetary holdings must be protected from police-state surveillance and interference.**

a. Except to secure the collection of a valid tax, fee, duty, impost, excise, public due, fine, or penalty after a judicial determination thereof, and then only under the aegis of a warrant properly issued upon probable cause by judicial authority, none of the several States in the Union, nor the United States: (i) may seize gold or silver coin or bullion from, or claim title to or dominion over gold or silver coin or bullion possessed by, any individual or legal entity; or (ii) may purport to direct or license any third party, public or private, to seize, sequester, “freeze”, or otherwise withhold from any individual or legal entity gold or silver coin or bullion held by that party on behalf or in the interest of such individual or legal entity.

b. The extent, composition, and location of any individual's or legal entity's holdings of various media of exchange, including money on deposit with any private financial institution, and gold and silver coin and bullion held anywhere, may not be subjected to compelled disclosure of any sort, except under the aegis of a warrant properly issued upon probable cause by judicial authority.

### **4. There must be absolute economic and political separation of bank and state, coupled with rigorous governmental regulation of private financial institutions.**

a. None of the several States in the Union, nor the United States, may create a governmental bank or like financial institution, or in any manner participate directly or indirectly in the operations of any private bank or any international or *supra*-national bank.

b. The regulation of private banks and other financial institutions by the several States and the United States must protect and vindicate the institutions' depositors, creditors, debtors, and other clients against fraud and other malfeasance, mismanagement, and negligence. The principle to be put into practice was well stated by the Supreme Court in *Hall v. Geiger-Jones Company*, 242 U.S. 539, 552 (1917) (emphasis supplied):

[T]he power of the state to prevent frauds and impositions \* \* \* applies as well to securities

as to material products \* \* \*. As to material products the purpose may be accomplished by a requirement of inherent purity. The intangibility of securities, they being representatives or purporting to be representatives of something else, \* \* \* requires a difference of provision, and *the integrity of \* \* \* securities can only be assured by the probity of the dealers in them and the information which may be given of them.*

c. This principle can best be applied to banks and other financial institutions through three interlocking measures:

(i) ***Institutional definition.*** This requires a full explanation as to whether the client or customer of the bank or other financial institution retains at all times ownership of the funds he deposits with or otherwise entrusts to that institution, or whether the institution succeeds to ownership of those funds upon their being so deposited or entrusted—that is, whether the client’s or customer’s account is a bailment account or simply evidence that the client or customer is a general unsecured creditor of the institution for the balance in the account.

If any client’s or customer’s funds are held in a bailment account, the bank or other financial institution must establish legal safeguards through the operation of which, in the event the institution becomes insolvent, illiquid, or otherwise fails to fulfill its obligations in a timely fashion, such funds will nevertheless be immediately transferred or transferrable to the possession and control of the client or customer, immune from any claims of the institution’s other creditors, a bankruptcy court, or any other incumbrance.

(ii) ***Institutional transparency.*** This requires preparing and publishing regular third-party audits of:

- the financial status and operations of each such institution, in terms of its profits, losses, deposits, reserves, assets (including stock, bonds, and other securities) and liabilities (both direct and contingent), and transactions with major clients (by type, value, and purpose), as well as all fees, charges, commissions, or other costs collected from or assessed against clients for or in connection with the institution’s various services; and

- the personal records and reputations of all partners, directors, officers, and other high-level managers of each bank or other financial institution, including such aspects of their personal financial status, investments, holdings, transactions, liabilities, and related matters as might affect the integrity, soundness, solvency, liquidity, operations, or other administration of the institution.

(iii) ***Institutional accountability.*** This requires that:

- deposit and credit-default insurance as well as fidelity bonding for all banks and other financial institutions that accept any form of deposits from the general public will be offered as options for those depositors who wish to pay for such protection;

- an efficient, confidential means will be established by which depositors can file complaints with governmental agencies, so that appropriate investigations may be initiated in a timely fashion;

- such partners, directors, officers, or other high-level managers of such institutions as may be guilty of breaches of trust or repeated lapses in the diligence or care with which they perform their fiduciary responsibilities will be disciplined, through public or private reprimand, suspension or removal from office, civil fines, criminal penalties, or such other effective sanctions as may be appropriate under the circumstances;

- although institutions that engage in *fully disclosed* fractional-reserve banking practices and allied financial speculation may be allowed to operate, if any such institution fails to meet its obligations to its clients or creditors—and particularly if it fails to pay its depositors strictly according to the terms of their contracts—then that institution will immediately be placed in receivership and its assets, together with the personal assets of its partners, directors, officers, and other high-level managers, marshaled and frozen for the benefit of depositors, clients, and creditors;

- no financial institution which any form of mismanagement has forced or threatens to force into insolvency, illiquidity, bankruptcy, or other business failure will receive any direct payments of public funds, loans, loan guarantees, remission or suspension of taxes or other public dues or charges (by way of deductions, credits, forgiveness, postponements, or in any other form), or other financial assistance or benefits of any kind, directly or indirectly, from any State or the United States;

- severe penalties of fines and imprisonment will be imposed in the courts of both the several States and the United States upon partners, directors, officers, and other high-level managers for criminal conviction of fraud, misrepresentation, counterfeiting, embezzlement, theft, or any other malfeasance that affects any of a financial institution's depositors, clients, creditors, debtors, or other interested parties; and

- civil actions in the courts of both the several States and the United States will be liberally allowed on behalf of aggrieved depositors, clients, creditors, debtors, and other interested parties against financial institutions and their partners, directors, officers, and other high-level managers, with provision for expedited and extensive discovery, class actions, declaratory and injunctive relief, punitive damages, and attorneys' fees.

These are the *minimum* reforms the American people *must* demand, immediately if not sooner—of every incumbent public official and of every candidate for public office.

Critics may complain that these reforms will not fix all of this country's terrible problems. Perhaps not. There are no universal panaceas. But, as the Chinese say, "a journey of a thousand *li* begins with a single step". At the present moment, this country is standing on quicksand. Its choice is either to move or to sink. The time for thinking, the time for talking, and especially the time for stalling in the vain hopes that something may turn up and that the economy will muddle through are past. It is time for action.