Chapter 3

Chapter III—Political Independence, Financial Bondage

> *"I believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a monied aristocracy that has set the Government at defiance. The issuing power should be taken from the banks and restored to the Government and the people to whom it rightfully belongs."—**Thomas Jefferson***

From their thrones in England, the financial internationalists cast envious eyes toward the juicy plum of Colonial America. The Whig policy was to keep the cost of American labor low. This was done by a supply of African slaves and indentured white laborers—criminals shipped abroad to work for the term of their sentence without wages. When the supply of criminals ran short the wretched were kidnapped from London's streets by creatures of the financialists, known as "spirits," hustled on board a ship and compelled to earn their liberty by service of from five to seven years on an estate in America. These estates were owned by financiers under charters with the British government. The London company which settled in Virginia was largest and most notorious. With the cost of labor low, English capital could realize larger profits on its investments.

Beginning with the arrival of the Mayflower and its load of heroic souls, a great multitude of immigrants began to arrive from across the sea. Ten years later the foundations for nine colonies had been set. The settlers saw but little money and used the barter system of exchanging their goods and products with each other. Indian wampum, black and white shells, which represented certain value among the Indians, found its way into the hands of the whites who learned that it was a satisfactory medium of exchange. Other objects were also used

as money. Virginia once used tobacco; the northern colonies and Canada used fur; the Carolinas used rice, and in the 1780's South Carolina used whisky as money. In New England codfish, and later handmade nails were considered currency. Massachusetts once employed butter for the same purpose. Wampum finally became legal tender throughout several colonies.

Since stomachs don't change from generation to generation, it is easy to see why a new Colony must subsist on loans for the first few years. They must consume and are not yet ready to produce. When the Colonies began producing, they found they still could not get out of debt because the "Old Lady from over the Sea" compelled them to regulate their currency on a shifting amount of gold and silver. It soon became apparent that trade was hindered because of an insufficient and inadequate money supply. So the colonies began to issue their own paper money. Of this brief experiment the great American historian, Bancroft, says:

> *This period was marked by unrivalled prosperity of the Colonies. The population, which had doubled in twenty-five years, grew rich through industry."*

When **Benjamin Franklin** made a visit to his native England he was asked how he accounted for the prosperous condition of the Colonies. He said, "That is simple. It is only because in the Colonies we issue our own money. It is called 'Colonial Script'—and we issue it in proper proportion to the demands of trade and industry." This circulating medium, Colonial Script, was printed by the Governors of the various Colonies and brought an adequate purchasing power for the abundance of produce and goods that was available now that they had their newly-cleared fields producing.

Something had to be done about this prosperity. It was bringing prosperity to the wrong people. Foreign financiers

could no longer loan the Colonies their currency as long as they were keeping plenty of good Colonial money in circulation. So they had to get rid of it somehow.

When the colonies agitated for the right to make a fiduciary issue of paper money, the British Parliament countered in 1751 by passing an act prohibiting an issue of paper money in New York, and this was later extended to other colonies. Benjamin Franklin said, “On the slight complaint of a few Virginia merchants, the colonies had been restrained from making paper money which had become absolutely necessary for their internal commerce from the constant remittance of their gold and silver to Britain.” The English financiers knew that as long as Americans could not get out of debt they could continue to draw steady and permanent dividends from their American investments—a policy in practice today, for the only way we can get more money is by increasing our debts on which the international Bankers draw interest. Franklin complained that the result of the early practice was that “the whole of American wealth centers finally among the merchants and inhabitants of Great Britain.”

The purpose of the Bill of 1751 was to restrain Colonial Script and give the authority of law to the King’s instructions on currency. The financial powers with Parliament as their tool tried by law to control the Colonies by controlling the issuance of their money in giving the King this dictatorial power. Thus the original charters by which each colony was given authority to issue its own money were not renewed after the date on which they expired. The colonies could no longer issue their own money. Furthermore, they were not allowed to trade with any country but England, but what was far worse, they had to pay England in the metallic currency of their territories called specie. Here was the plot: drain all the specie out of the American possessions so they would have to borrow from the Bank of England. That was economic slavery and the freedom-loving colonies were not

disposed to tolerate it.

When this plot failed, the British began a series of repressive measures against the colonies denying rights long enjoyed, arrogantly usurping authority and imposing revenues and large emoluments attached to all offices. Some wanted to obtain revenues from the Post Office by issuing a general Stamp Act for Americans. But these Americans of whom they knew little and cared less refused to be governed by prerogative. The British sent a special appointee to the governorship of New York for one last great effort. This offensive character asked that the Colonial Assembly, "consider without delay a proper law for a permanent revenue, solid, definite and without limitations." He asked that these requirements be met. The Assembly refused. That was the beginning of the break between the British Government and the Colonies.

While the colonies objected to other oppressive measures on principle, it was the withdrawing of their money (Colonial Script and species) … that made them particularly rebellious because they knew that such a policy was equal to taking away their freedom, their independence and their prosperity. It was because their circulating medium was reduced and they were paying tribute to the Rothschild Bank that was the original and fundamental cause of the dissatisfactions which led to the Revolutionary War.

George III of England was not oppressive and was probably the least tyrannical of the 18th century monarchs; the tax burden was not excessive, in fact, even with the tax on tea they product was more cheaply bought from England than elsewhere; (our textbooks stress *Tea Parties*, not **money**) the American standard of living was unsurpassed; the demand for freedom does not diminish the truth that the colonists had a greater measure of self-government than their relatives in Europe; the American leaders such as **Washington**, Laurens and **Dickington** were men of propriety, piety and property which radically distinguished them from other revolutionary leaders of

history. Thus the ordinary elements of revolt are not to be found. The plain and simple reasons stem from the fundamental injustice of … disastrous measures of finance inflicted then, as now, by those Giants of Greed—the private bankers. Franklin knew, for he said:

> *"The colonies would gladly have borne the little tax on tea and other matters had it not been that England took away from the colonies their money which created unemployment and dissatisfaction."*

The English Bankers made no secret of their intention to force the colonies to borrow from and pay tribute to them. They supported their intention with many arguments, which were ably refuted by Benjamin Franklin. For example, a report of the British Board of Trade argued "that every medium of trade should have an intrinsic value, which paper has not. Gold and silver are therefore the fittest for this medium, as they are equivalent, which paper can never be." Franklin answered in part as follows:

> *"Any well-founded credit, is as much an equivalent as gold or silver, or it would not be preferred by commercial people in different countries, not to mention again our own American bank: bills."*

… Another parallel applicable today is found in a letter Franklin wrote to Lord Kames. He writes, "I am glad to find that you are turning your thoughts to political subjects and particularly to those of money. . . . The world is yet much in the dark on those important points…. Most of our acts of Parliament for regulating them are, in my opinion, little better than political blunders, owing to the ignorance of science or to the designs of crafty men who mislead the legislature, proposing something under the specious appearance of public good while the real aim is to sacrifice that to their private interests." Franklin had been the colonial

negotiator in London. He objected to the act restraining the legal tender of paper money, to the stamp act for collecting revenue, and the plan to render assemblies in America useless.

With open hostilities a reality, the Continental Congress was set up. It issued money but, in its haste, it overlooked a law against counterfeiting. There is documentary evidence to show that England dumped shiploads of counterfeit and irredeemable paper on the colonies in a deliberate effort to bring them to their knees. A more important omission on the part of the Congress, perhaps, was the absence of tax laws. It could not redeem its own issuance of money by the power of collecting taxes. This was why the Congress was brought into disrepute and why the phrase, “Not worth a Continental” refers to its money.

When the break between the British government and the Colonies was beyond the hope of being breached another war to force the bankers’ servitude on a happy, free and prosperous people was inevitable. The first armed clashes of the Revolution against Bankerism took place at Lexington and Concord. The war continued ‘for seven years and came to a successful conclusion for the Colonies when Lord Cornwallis and his whole army, including the Hessian soldiers supplied by the Rothschilds to keep America in bonds, was captured at Yorktown. Three years after the Peace of Paris, which recognized the independence of the United States, delegates from most of the states met and drew up the Constitution minus the Bill of Rights. The following year, 1787, the Constitutional Convention was called at Philadelphia. Mindful of the bitter experience through which the country had passed because the colonies were denied the privilege of creating their own purchasing power and were being forced to accept banker-created, interest bearing, Bank of England money, the Founding Fathers made sure that provisions were made by the Constitution for an honest and debt-free monetary system. In spite of strenuous opposition of banker-minded delegates, the convention drafted and adopted

Article I, Section 8, ‘Paragraph 5, which reads:

> *“Congress shall have the power to coin money and regulate the value thereof; and of foreign coin.”*

With the independence of America established, the big financial interests of Europe immediately used their influence to nullify this independence by nullifying that Article in the Constitution which gave Congress the power to issue money.

Robert Morris, who had long negotiated with France on behalf of the Colonies, was appointed Secretary of the Treasury by Washington. However, Morris refused and, to the great surprise of Washington, Morris recommended that Alexander Hamilton be appointed. Hamilton’s loathing of the masses and his long study in financial intrigue made him unsuited for power in a Democracy, but he was active in banking policies. It was the latter that made him acceptable as a substitute. Hamilton immediately and persistently worked for a bank built upon the plan of the Bank of England. As a supposed patriot he busily engaged in planning a double cross—seemingly the first requisite for any successful international banker. Hamilton had his friends in the Legislature buy up a great lot of the cheap Continental money and promised them that if his banking plans were approved, this money would be redeemed at face value with all back interest. With forty-five percent of the legislators possessing this cheap money with the prospect of turning into considerable wealth, the nefarious plans of Hamilton were passed.

This bank restricted its loans, (1) to Englishmen who had lately arrived to get in on the “ground floor” and who at once bought a controlling interest in existing companies, and when this was not possible, started similar companies in competition; (2) made loans to those Merchants who would make their foreign purchases in England; (3) made loans to those American Tories of New York, Boston and Philadelphia, who had

opposed our War for Independence. In brief, this “Bank of the United States” restricted its loans as far as possible to those English and Pro-English Americans who could be counted on to aid in placing the American people under the financial tyranny of Mother England—as the inevitable result of this concentration of money and control of credit, it was but a few years until this crew of pro-English pirates had captured the American Ship of State, together with most of its wealth, while those who had fought and won the war of independence had been driven out of business and their properties foreclosed.

In brief, what England had lost at Yorktown and Saratoga, she had regained in New York and Washington, and again the American people, as in the days of the Colonies, were the victims of English tyranny.

Colonial oppression by English bankers through the medium of the British Government caused the Colonies to seek freedom from the British Government. But, through the unscrupulous Hamilton, America did not, and to this day, never did obtain her freedom from the oppression of the banking headquarters in London, England. Americans have never had true liberty. This was not fully realized until the Western frontier ceased to become the haven of all the unfortunate. William Pitt, famous English statesman, openly predicted that our freedom would be a sham if we fell under the same financial interests as England.

Quoting from “History of the Life and Times of James Madison,” Olive Cushing Dwinell in “The Story of Our Money,” undoubtedly the best documental work on the subject, demonstrates that Hamilton frankly avowed his distrust of both Republican and Federal Government. In his own words he had no scruple in declaring that in his private opinion the British Government was the best in the world, and that he doubted much whether anything short of it would do in America. “Let one branch of the Legislature,” he said, “hold their offices for life or at least during good behavior. Let the executive also be for

life.” His most intimate friend and associate, Robert Morris, said of Hamilton, “He never failed on every occasion to advocate the excellence and avow his attachment to monarchy . . . he disliked the Constitution . . . and hated Republican Government because he confounded it with Democratical Government.”

In the Madison diaries Hamilton is quoted as having said in the Constitutional Convention of 1787 that the “rich and well-born” should have a permanently predominant role in government, in order to protect the nation from the “turbulence” of the common people. To this end he proposed a senate and executive elected for life from among the wealthier, propertied classes.

Hamilton urged the convention to make the executive’s position permanent and unimpeachable, which would have made for nothing less than a king of the U. S. He looked with disfavor on the republican form of government, he argued for the encouragement of child labor and wanted no one to vote but those who possessed a certain amount of property.

Most significant of the man and the institution he founded is the classic statement of his: “I loathe the masses.” He also told Jefferson: “The people, your people, Sir, is a Great Beast.”

It is not surprising that a man of Hamilton’s type, who hated the Constitution and possessed monarchistic bent, ignored the Constitution on the Money Article and became a fitting father of the family of internationalists who reign even more powerfully today. He supported the financial dictatorship in proposing the Bank of the United States, a private bank of monetary issue. What he was unable to do directly through government, he accomplished indirectly by forcing through Congress his British banking system of private control of the issuance of our money, thereby controlling government through financial power. In order to pay off the legislators

possessing cheap continental money as he promised, he raised a new loan which saddled the country with a permanent National debt which he rightly deemed necessary in order that finance's mastery of national policy should be unshakable. In a letter to Washington, Thomas Jefferson said of Hamilton:

> *"He wishes it (the National debt) never to be paid, but to be a thing wherewith to corrupt and manage the Legislature."*

As Calhoun later put it:

> *"He thus bound more strongly to the government that already powerful class by giving them, through its agency (the bank) increased profit and a decided control over the currency exchanges in the business transactions of the country."*

Alexander Hamilton himself said, "A National debt, if it is not excessive, will be a national blessing; a powerful cement of union; a necessity for keeping up taxation, and a spur to industry." His fellow conspirator, Robert Morris, said:

> *"I am determined that the bank shall be well supported until it can support itself, and then it will support us."*

What patriots! It recalls to mind what Senator Rush D. Holt said of certain patriots agitating for World War II. According to the brilliant and independent young Senator, when referring to these patriots we should spell the word "P-A-Y-t-r-i-o-t-s" and pronounce it with a heavy accent on the P-A-Y.

The first Bank of America was organized by Alexander Hamilton and Robert Morris, who John R. Elsom, in "Lightning Over the Treasury Building," truthfully characterized as "front men of the racketeers behind the scenes." This bank was a legal, privately owned corporation, whose charter was to run for thirty years, during which no other bank, public or private, was to be permitted. Its capital and deposits were to be

exempt from taxation, and the United States, collectively and particularly, were to become conjointly responsible for all its transactions. Its sources of profit were to be the sole right of issuing a currency for the United States equal in amount to the whole capital stock of the bank.

Of the thirty-five million dollar capitalization of the Bank, four-fifths were provided by European bankers, principally the Rothschilds, and one-fifth by Americans. There is nothing intrinsically difficult in deducing from these figures the identity of the Nation's rulers, nor does it require any special genius to see how American this institution really was. It seems to have been an evil foreboding that America should have been named after a bank agent. **Amerigo Vespucci**, instead of being a great sailor as most people believe, was primarily a financial agent for the **Medicii** family of Italy. He was most important to the discovery of America because he held contracts to outfit the second voyage of Columbus. He was the first bank agent, but by no means the last, to influence America's place in history. In fact, America was settled on the installment plan, the Pilgrim fathers were ten years paying for their passage to the new world; even their homes were mortgaged.

Leading American statesmen such as Benjamin Franklin, Thomas Jefferson, John Adams, James Madison, and Andrew Jackson, plainly saw that this supposedly American institution was in reality a branch of the Bank of England, and that its policy was one of perpetuating the goldsmiths racket of issuing receipts. This fact precipitated prolonged and bitter controversy throughout the first years of our young Republic, for these men knew that the gaining of National Independence had been accomplished in vain, since the powers England lost through the Revolution would be returned to them through the branch bank set up within our borders. In the scholarly book "The Story of Our Money" the author writes:

"The deliberations in Congress over Hamilton's Bank Bill, and

> *the opinions of members of the Cabinet show the intensity of feeling between the private money interests and those supporting the Constitution. History records that the money changers have used every form of abuse, intrigue, deceit and violent means possible to maintain their control over governments by controlling the money and its issuance "*

Nevertheless the Bank of the United States with its ninety branches became a reality. **George Washington** had intrusted to Hamilton and Morris the duties of the Treasury Department. When Washington approached Hamilton with the unconstitutionality of his proposed bank, Hamilton ingeniously calmed his fears by "selling" the vicious doctrine of "**implied powers**."

The next succeeding presidents, John Adams, Thomas Jefferson, James Madison, have left voluminous evidence of their strong opposition to the bank as being monarchistic, monopolistic, unconstitutional, detrimental to the country's welfare, dangerous to our peace end prosperity, and foreign to our form of government.

The Bank of America was American neither in conception, origin, theory, practice, nor even in ownership.

The charter of the United States Bank expired by limitation in 1811 and Congress refused to recharter the old bank or to charter a new one. Congress objected to rechartering the Bank on the old constitutional grounds, which had been brought forward by Jefferson when the bank was first chartered. Another reason was that the bank stock was largely held in England, since the United States government had been led to dispose of its shares in the institution to English investors. President Madison in vetoing the charter's renewal delivered a forceful and irrefutable veto message, stating that it not only failed in its avowed purposes, but it was the source of many national distresses.

Failure to recharter the bank left the field open for State banking. State banks were organized without restriction. The notes of these banks were unduly expanded and a loose system of credit led to inflation. Since much of the stock in the old bank had been bought up by England, it was not a mere coincidence that the War of 1812 was prosecuted against the United States after Congress had refused to renew the bank charter. England was forced to follow the same pattern she had taken earlier by engaging in the Revolutionary War, which took place after the British Empire was unable, after many years of effort, to control the colonies by controlling their money.

By the *War of 1812* it was expected that America would become impoverished and would be forced to come on her knees to the Bank of England for funds. Just as she had dumped counterfeit money on the Colonies, England, through financial agents and political intrigue, greatly increased inflation under the state banking system. After the combined effects of inflation and the expenses of war brought ruin to the country, it was planned that the English bank would supply money upon the condition that the charter of their subsidiary bank, the Bank of the United States, would be renewed. This nefarious plan succeeded. In the midst of great financial distress, the movement for a new national bank gained headway in spite of intelligent opposition. A subservient and bribed Congress granted a renewal of the charter and President Madison signed the act in 1816.

The third fight against the banking power found President Andrew Jackson making good his threat when he told the bankers to their faces:

> *"You are a den of vipers and thieves. I intend to rout you out, and by the eternal God, I will rout you out."*

Although the charter was not to expire until 1836, Jackson opened fire on them in his inaugural address in 1829. He

fought in the war of Independence at the age of 12, was made a Major General in the army in 1812, decisively defeated the British troops in New Orleans in 1814, held offices as public prosecutor, judge, congressman, governor, and senator, but the most convincing proof of his heroic character is seen in the fact that he was the only man who could meet head-on and defeat the power of international finance. He won a battle, but the war is still on. He was told by the financial interests that they would see that he was defeated for re-election because of his threat not to renew the charter when it expired. Again he told off his enemies to their faces in no uncertain terms that theirs was too much power for any small group to have in a free country, then adding defiance to statesmanship he told them he would see that the charter was not renewed. It is not without good reasons that Benjamin Franklin and Andrew Jackson have more places in America named after them than have any other men in American history.

Jackson was re-elected by an overwhelming majority that greatly surpassed his first land-slide in spite of a deliberate contraction of credit of part of the banks in order to bring about an artificial financial panic which the banks hypocritically blamed on Jackson's attacks. They told Jackson he would ruin ten thousand families. Jackson forcefully and truthfully replied:

> *"That may be true, gentlemen, but that is your sin! Should I let you go on, you will ruin fifty thousand families, and that would be my sin!"*

The bankers fought with the usual means of seeking the subservience of a bribed Congress. Jackson wrote in a letter:

> *"It is believed that in the last two years it (the bank) has loaned to members of Congress and subsidized presses at least one-half million dollars, the greatest part of which will be lost to the bank and stockholders . . . but such have been*

> *the scenes of corruption in our last Congress that I loathe the corruption of human nature, and long for retirement and repose on "The Hermitage," but until I can strangle the hydra of corruption, the Bank, I will not shrink from my duty or my part."*

Opposed to him were not only part of his own cabinet, but such national leaders as Webster, Clay, Calhoun, Poindexter, and, of course, the President of the Bank, Nicholas Biddle. Daniel Webster, the great patriotic orator and master of the Senate, was in the pay of the Bank of the United States. The publication of the letters of Nicholas Biddle has revealed one in which Webster explains how he refused to undertake a case against the banks and adds, "I believe my retainer has not been renewed or refreshed as usual. If it be wished that my relation to the bank should be continued, it might be as well to send me the usual retainers." The retainers were undoubtedly sent post haste because the famous orator had in pre-retainer days riddled the private issuance of money and credit with such blasts as the following:

> *"The people wonder why financial panics occur so frequently. I can tell them why. It is to the interests of the bankers and brokers that they should occur. It is one of the specious methods by which these despotic and utterly useless knaves rob the producing, manufacturing and mercantile classes of their honest earnings. It is one of the chief plans by which this infamous ring is riveting the chains of slavery upon the limbs of labor. It is one of the chief means adopted to build up a money aristocracy that shall live in idle luxury and ape the pretentious airs of European nobility."*

But arrayed behind Jackson were masses upon masses of men and women who believed in the political philosophy of Thomas Jefferson, who wanted an equal opportunity under law. They were people who believed they had the right to earn a living

according to decent standards and believed that democracy meant economic as well as political freedom.

Jackson's veto message, written with the aid of his advisers, (Advisers are ironically called a Kitchen Cabinet when they are Americans strongly defending the Constitution and a Brain Trust when they are internationalists who care little or nothing for the Constitution) on the rechartering of the United States bank was one of the longest and most scholarly ever sent to Congress by any president. It was said to be "a document not only for its own time and place, but for all history." It not only stated the President's objections to the bill before him, but it crystallized for all time all arguments that should be offered against lending the fiscal power and resources of the United States to the use and behoof of any chartered monopoly whatsoever. Its tone was moderate, its temper unruffled, its style lofty, its diction clear, dignified and forceful. Instead of attempting to analyze this lengthy speech, it might be more satisfactory to quote his objections written to John Randolph, Jr., in which he said:

> *". . . [I]t (the bank) has failed to answer the ends for which it was created; and, besides being unconstitutional, in which point of view no measure of utility could ever procure for it my official sanction it is on the score of expediency dangerous to liberty, and therefore worthy of the denunciation which it has received from the disciples of the old Republican school."*

It was during this period that the Constitutionality of the bank was most argued. Only once, in 1819, did the bank statute come before the Supreme Court and this was hardly the kind of a test case the bank's opponents would like. There has never been a real suit brought to trial by an individual or group of individuals because of the measures and precautions taken by the bank's supporters. In framing the Federal Reserve Banking Act of 1913 and its subsequent amendments it was provided that

only the Attorney General of a State can bring the case into court. This is pretty much like a precaution a burglar takes when he poisons the watch dog. The Attorney General is an appointed office. If he gets too unruly he can be easily removed and another hand-picked for the job. This can be done without too much suspicion or unpleasant publicity because the attorneys specified by law are the Generals of States which are virtually unknown, at least in comparison with the Attorney General of the United States. It would invite suspicion to prohibit altogether a slim possibility of bringing suit against the Act or its administrators, although some agencies which could not stand the light of examination insert clauses which make them immune from investigation—the rotten UNNRA, for example

Prior to 1913 test cases were rejected on the argument that no individual could show where the Banking Acts specifically did damage directly to him personally.

A foreclosure, bankruptcy, and other misfortunes were laid to legitimate business transactions. This would be accepted as the direct cause. There are many court decisions establishing the customer relationship with banking but that is about the extent of customer litigation.

The case of 1819 was brought by a common informer against a cashier of the Baltimore branch of the Bank, for issuing bank notes without paying the tax which Maryland required of any bank not chartered by the State. The questions to be settled were: Had Congress authority to incorporate a bank, had the bank authority to establish a branch in Baltimore without Maryland's consent, had Maryland the right to tax the branch?

Counsel for the Bank maintained that legislative, executive and judicial acts for three decades had treated the first and second banks as lawfully established; that the power to create a bank "must be considered as ratified by the voice of the people, and sanctioned by precedent." Counsel for Maryland

opposed this convenient doctrine. The Constitution said nothing about chartering a bank or any other corporation, though it did say that Congress might make laws “necessary and proper” for carrying into execution the specifically mentioned powers of Congress. No such laws had been made by Congress. To leave such powers as the bank had to interpretation was in effect to render the Constitution worthless.

If the power to establish branch banks belonged to Congress, counsel for Maryland argued: “it cannot be delegated to the directors of a bank, any more than any legislative power may be transferred to any other body of citizens. Will it be tolerated, that twenty directors of a trading corporation, having no object but profit, shall, in pursuit of it, tread upon the sovereignty of the state, enter it without condescending to ask its leave; disregard, perhaps, the whole system of its policy; overthrow its institutions, and sacrifice its interests?”

Chief Justice John Marshall wrote the decision of the Court. As a long time disciple of the Hamiltonian philosophy of implied powers, it is evident that his decision was colored by his political views. He maintained that such an institution as the branch bank was not prohibited by the Constitution; and that it was consistent with the letter and spirit of the Constitution and was therefore constitutional. The Court had not passed on the specific features of the National Bank charter; it merely held that the law creating the branch bank was a constitutional exercise of power of Congress. The Court also left an opening to attack the Bank on the grounds of its necessity—an opening which served Jackson well.

This decision really settled nothing as far as the main question of the National charter was concerned. Even if it had, a single verdict could not establish a powerful precedent. The case was most important because of the arguments advanced and the coloring of political philosophies. The only other case of importance against the Bank was fought

before the Supreme Court when the United States sued for a portion of the dividends withheld by the Bank when its charter was not renewed. The United States won over the Banks. Chief Justice Taney, who succeeded Marshall, and is thought by many to be one of the most outstanding of our Chief Justices, was bitterly opposed to the charter on Constitutional grounds, but in the case of the United States against the Bank he withdrew from the bench with judicial propriety because of his earlier official connection with the matter. In recent years the only Justice to make this stand on the monetary issue was Justice Louis D. Brandeis, who said:

> *"We must break the Money Trust or the Money Trust will break us."*

It was with credit and justice that Jackson argued, "Every act of Congress which attempts by grants of monopolies or sale of exclusive privileges for a limited time, or a time without limit, to restrict or extinguish its own discretion in the choice of means to execute its delegated powers is equivalent to a legislative amendment to the Constitution, and palpably unconstitutional."

Jefferson, the great Democrat, framer of the Declaration of Independence, and intimate with the intentions of the Constitutional Assembly, said: "The Incorporation of a bank and the powers assumed by this Bill (First Bank of America Bill) have not in my opinion been delegated to the United States by the Constitution. The Bill delivers us up bound to the National Bank, who are free to refuse all arrangements except on their own terms, and the public not free on such refusal, to employ any other bank."

Henry Clay correctly reasoned, "The power to charter companies is not specified in the grant of powers in the Constitution, and I contend it is of a nature not transferable by mere implication . . . Is it to be imagined that a power so vast

would have been left by the wisdom of the Constitution to doubtful inference?”

A few court opinions cited in support of those on the more conservative side of the question are definite and convincing. Those who advocate a monetary policy based on the explicit language of Article I, Section 8, Paragraph 5 of the Constitution do not have to dodge fears of unconstitutional and therefore UnAmerican usurpation, do not have to buy or appoint … [those] who will find arguments for any side of any question, do not have to invent means to escape justice in the Courts. It might be profitable to look at a decision or two in support of their views.

The Supreme Court off the United States in the Case of Knox versus Lee and the case of Parker versus Davis held that the government has the right under the Constitution to issue treasury notes as a circulating medium and further holds that it is the duty of the government to issue its treasury notes and supply the demand for a currency when there is a deflation. It made this emphatic declaration: “It certainly was intended to confer upon Congress the power of self-preservation . . . It is absolutely essential to independent national existence that the government should have a firm hold on the two great sovereign instrumentalities of the sword and the purse, and to wield them without restrictions on occasions of national peril.” If America is to preserve her liberties and perpetuate her government, her citizens must understand that the government and the government alone must control both of these instrumentalities, namely, the circulating medium as well as the army and navy. The Supreme Court of the United States said so.

In another case the private bankers tried to destroy United States Notes. The Supreme Court ruling on a private individuals refusal to accept these notes in payment of a private debt declared: “Congress has the Constitutional power to make the Treasury Notes of the United States a legal tender

in payment of private debts in time of peace as well as in times of war . . . Congress has the undoubted right to make currency lawful money for all purposes. Congress may make paper currency lawful money for all purposes. Congress may make paper currency legal tender for all debts, present and future." This Supreme Court decision has never been challenged in any manner whatsoever and stands today as a valid interpretation of the law of the United States.

Concerning the unconstitutionality of the Federal Reserve Act of 1913 much can be said. If Congress does not coin our money and regulate its value, the system of coinage and regulation thereof is unconstitutional. But Congress does not coin our money and regulate its value. Therefore, our system of coinage and regulation thereof is unconstitutional.

A look into the system itself penetrates to the truth of this fact even though it must burrow through many stratas of lying propaganda. In the first place these banks are privately owned stock corporations. And the government does not own any of the stock! Since the surplus of a corporation goes to the stockholders, the government is left begging its crumb from the tables of the money changers.

Furthermore, Congress does not appoint the governors of the Federal Reserve Board as is directed by the Constitution. They are appointed by the President. Congress does not even approve of their appointment. Only the Senate by a majority vote does the approving, while the House of Representatives which contains 435 members more directly responsible to the people, have no say whatsoever. The constitutional grant is to both houses, not one.

Nor does the government pay any salaries to the members of the Federal Reserve Board. The government thereby tacitly admits it is appointing men to private stock corporations and logically enough concludes that it is but just that these corporations should pay the salaries of these men. If the

members of the Board were working for the government, anyone with an ounce of brains knows the government would pay them for their services. If, on the other hand, they are not being paid by the government, we reasonably conclude they are not working for the government.

The most important indictment against the contention that the Government in some way owns and operates the “Federal” Reserve Banks is the incontrovertible fact that Congress gives them neither a mandate nor a list of specific duties, both of which are necessary if the government is to operate the banks. Congress does not even demand that the Board establish price levels which is of primary importance if any money system is to have anything like efficiency or stability. This fundamental duty is not imposed by Congress. Nor is any other. Congress fixes duties for the army, navy and Post Office officials it appoints, and sees to it that these men fulfill their duties for the welfare of the nation.

The Federal Reserve carries on its functions solely for private profits. Not only does the surplus of the banking corporations go to the stockholders of the corporations, but through the manipulation of price levels, the interchanging of the quantity of gold from one nation to another, the domination of markets, and the like, these men earn illicit profits from other sources such as public utilities, which they are able to control through their control of money.

The mildest conclusion one can draw from these facts is that our present money system is an unconstitutional institution detrimental to the functions of the American government and the interests of the American people.

Other arguments in brief run as follows. No institution whose stock is partly owned by foreign interests is American. Since the stock of the present banking system is partly owned by foreign interests it cannot be said to be American.

Any institution whose functions are hostile to the general welfare is unconstitutional. But the functions of the Federal Reserve System are hostile to the general welfare and are therefore unconstitutional. That their functions are hostile to the general welfare is seen in their cycles of inflation (prosperity) and deflation (depression), in the wars, and want in the midst of plenty. We know it is hostile to the general welfare from the knowledge of the principles of the persons composing its directors and many of its stockholders; from their opposition to the measures and principles of sound government and their support to those friendly to their interests; and from sentiments of publications they support.

The Constitution provides for an honest and efficient monetary system. But since the system is run by a privileged few who substitute private money for money coined by Congress, the system is not honest and efficient, and therefore unconstitutional.

The framers of the Constitution were just and learned men. But it is not just for a certain few to issue private money for honest public money, and if they were learned they did not intend for only part of the money to be issued by Congress or they would have said so. Thus, if the framers of the Constitution were just and learned they did not intend such a monstrosity as the present system.

Any power not granted by the Constitution is unconstitutional. But the power of private individuals issuing private money for private gain is not granted by the Constitution and is, therefore, unconstitutional.

The Constitution states that Congress shall have the power to coin money and regulate its value. But when that power is given to private individuals, Congress does not have it. Hence, it is unconstitutional for private individuals to have this power.

Concerning the delegation of this power by Congress it must be noted that the Constitution is itself a delegation of power from its sovereign source, the people. Therefore, for Congress to delegate this power is in fact a sub-delegation, and according to the rules of delegation and sub-delegation the latter cannot be done without the permission of the original source in this case the people. No one has ever claimed that the people voted this power to their super-citizens.

The Constitution does not say that Congress may have the power to coin money and regulate its value. It says Congress shall have this power. The language is not one of mere permission. It is a definite and exclusive grant. Since the Constitution grants this right to Congress it was granted for Congress to exercise, not to give away. It is an absolute right, not a privilege to be given to any other group.

Not even the States have the right to coin and regulate money. (Article I, Section 10, Paragraph 1.) If the individual States cannot exercise this power according to the Constitution, how much more repulsive it is to the Constitution to have a mere handful of private citizens performing this sovereign right!

If the government does not issue and control its own money, it must be controlled by those who do. To have a few of its citizens controlling the government is completely foreign to the very purposes of the Constitution and therefore definitely unconstitutional

The Constitution not only gives Congress the right to coin money, but “to regulate the value thereof.” Since the private banks, by expanding and contracting credit at will, regulate the value thereof by changing the amount in existence, the system is plainly unconstitutional on this score. By regulating the value of money Congress was to control the purchasing power of the nation, thereby preventing the tremendous fluctuations by which a few international bankers can and do inflict sufferings without limit or justification

and have inflicted without measure or accounting.

In fact, no authority was ever delegated to Congress or to anyone else to tax Americans for the benefit of any foreign people or government. Yet this is done annually under the pressure of private bankers. Every cent of these foreign loans must be paid for by the American taxpayer. It is not only expended unlawfully, but every person party to it is guilty of misfeasance and subject to recovery from the highest to the lowest of such officials. Taxpayers suits in the courts of the land to save America from the international loan sharks are definitely in order. But try to get one in court!

The extent to which the present Federal Reserve System vitiates the purposes and intentions of the original authors of the Bill enacting the system into law, is evident in a decision of Robert L. Owen, co-author of the Bill. Owen later volunteered his services gratis for the purpose of fighting the constitutionality of the Federal Reserve Act before the Supreme Court of the United States if and when a test case could be presented.

President Jackson on sovereignty and grant of power in his first inaugural address spoke the following bit of irrefutable logic:

> *"The great point to be kept steadily in view is the establishment of the General Government and the Sovereign Powers granted to it by the people and the states.*
>
> *"1—All sovereign power was in the people and the States.*
>
> *"2—Where sovereignty is vested it cannot be divested but by express grant, therefore, as the General Government is based upon the Confederation of the sovereign states, you must look into the Constitution for the grants of sovereignty made by the people inhabiting those sovereign states to find what portion of sovereign power has been granted to the General Government; for, no sovereign power not expressly granted can*

be exercised by implication.

"Is the sovereign power to grant corporations expressly given to the General Government to be found in the Constitution? I answer, no. Therefore, as all powers granted are general and national, not local, or for local objects, and all powers not delegated are retained to the States and to the people, a corporation or monopoly cannot be granted by Congress beyond the limits of the ten square miles, and it is fair to advert to the Journal of the Constitutional Convention to prove that the power to grant corporations in various ways was attempted to be introduced in the Constitution, and was rejected in every form presented by the Constitutional Convention who framed it.

"It is therefore, worse than idle to contend that Congress can have this sovereign power by implication when it was rejected in the convention, and when sovereign power can only be conveyed from one power to another by express grant.

"If it is true that necessity gives the power to create Banks and corporations, it is true necessity creates its own law, but it must be a positive necessity, not a feigned one. The framers of our Constitution were too well aware of the corrupting influences of a great monied monopoly upon government to legalize such a corrupting monster by any grant either express or implied in the Constitution.

"Bank corporations are brokers on a large scale, and could it be really urged that the framers of the Constitution intended that our Government should become a Government of brokers? If so, then the profits of the National Brokers Shop must enure to the benefit of the whole people, and not to a few privileged monied capitalists, to utter rejection of the many."

Democratic party men and women of the present day are meeting at Jefferson and Jackson Day dinners all over the country and

some of their top men are making speeches. Several million citizens are expected to vote the democratic ticket in 1950 and ’52. For the information of the rank and file, it would be less hypocritical for some of these speakers to tell the voters, on whom they must depend, why no mention is made off the issue that lay closer to the hearts of these two great patriots, Jefferson and Jackson, than all others. Their predictions of the dire consequences which would result to this nation if it failed to take over the issuance of money have been thoroughly vindicated. America is now suffering as she never has before because of the failure of past congresses and presidents to take over the issuance of money. The condition of the country is such that many of her thoughtful citizens fear that her very existence is threatened on account of that failure. Then why have banquets to honor these great patriots and refuse to do what they said should be done?

The Republican Party also has its Lincoln dinners where their orators laud the virtues of Lincoln. And why are these speakers silent about this great issue, the issue which was closest to Lincoln’s heart and which, on account of his efforts to restore money issuance to the government he doubtless lost his life to an assassin?

What strange influence is it that stops the mouths of both Democrats and Republicans from advocacy of the one measure which would give to the people greatest relief, which would save this country?

And the parties in their conventions will shy away from this all important question. There will be no candidate big enough and brave enough to come forward and champion the rights of the people in this matter. It has come to pass that the vital interests of the rank and file are completely ignored by our political parties.