



8 Reasons Why the Budget is a Fraud

This publication reprints a letter to Sen. Jon Kyl (R-Ariz.). Although he never replied or answered any of the important questions raised, the issues are more important today than they were in 1996, when Sen. Kyl received the letter.

Everyone talks about the “deficit” and the “budget” and the “national debt” but they’re only blowing smoke—they’re just confusing the situation and hiding the facts.

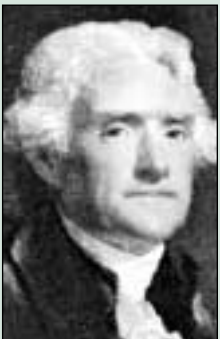
No one wants to tell you the truth about the financial crisis now finally surfacing, a crisis which is irreversible and can only get worse.

All the politicians, talking heads and pundits are covering up and lying to hide the fact that our money system is fraudulent. Read on for much more . . .

EDITORIALS EDITORIALS EDITORIALS

Thank God For the Deficit!

Founding Fathers & Early Patriots Who Knew Money



THOMAS JEFFERSON



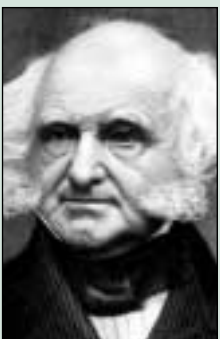
JOHN ADAMS



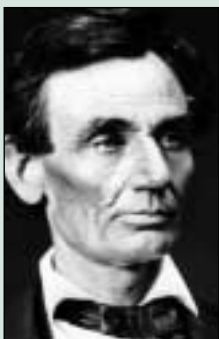
BENJAMIN FRANKLIN



ANDREW JACKSON



MARTIN VAN BUREN



ABRAHAM LINCOLN



JAMES GARFIELD



WILLIAM J. BRYAN

THANK GOD FOR THE DEFICIT

The bankers and their political and journalistic trained fleas, not to mention legions of uncomprehending economists, conservatives and socialists have it all wrong.

The reality is that, under the rules of our fraudulent money system, without a continuous deficit, the economy would collapse for lack of money.

This is because, except for coins and the \$450 million in greenbacks issued by Congress during the Lincoln administration, all of “our” money draws interest which must be paid, mostly to the bankers.

Why don’t Americans realize that a corrupt Congress in 1913 literally gave the American nation’s money-creating power to private bankers (the so-called “Federal Reserve”), who issue money they create out of nothing to buy bonds on which the taxpayers have to pay interest?

And the interest on these fraudulent bonds has to also be created by more borrowing. Thus, the money supply has to be constantly expanded, because the interest has to be paid—ahead of any other government expense.

If the interest on the bonds is not paid, the money system will collapse immediately. This is why every government expenditure except interest on the bonds (the “national debt”) is on the table to be cut or eliminated.

This is also why it is impossible to reduce the debt because when funds are paid to reduce the debt—to buy back the outstanding bonds and retire them—the money literally disappears from circulation. It goes to where it came from—nowhere.

And when there is a shortage of money, that’s recession, even depression.

Thus, you can see that if the national debt was paid, there would be no money at all—except for coins in circulation and the Lincoln greenbacks.

So you see, when a politician or anyone else tells you that they want to reduce the deficit or reduce the national debt, he’s either lying to you or is too ignorant to know what he’s talking about.

We Need Honest Leadership

THE TRUTH

is that the budget will not be balanced. It cannot be balanced unless the country is plunged into a depression far worse than anything America has ever experienced.

Our money is based on debt. The interest on that debt has to be paid with more money that is also borrowed. That means that the debt has to continue shooting up and so does the totally needless and fraudulent interest on the debt, which is the source of the wealth and power of those who rule us.

Meanwhile, the entire political and journalistic Establishment is trying to convince the American people that it is possible (sometime in the future) to “balance the budget.”

Well, they’re lying. The budget will not be balanced

Of course, Federal Reserve Chairman Alan Greenspan is not ignorant, he’s part of the scam. And Secretary of the Treasury Paul O’Neil isn’t ignorant, he’s lying.

We don’t know about House Majority Leader Dennis Hastert (R-Ill.) or Senate Majority Leader Tom Daschle (D-S.D.). They probably just don’t understand what it’s all about. They probably believe that to “balance the budget,” or “reduce the deficit,” all that has to be done is to close down national parks, close down the farm program, veterans’ benefits, criminal investigations, jails, food stamps, Social Security and whatever else they can think of.

Of course, neither of them would ever consider stopping paying your tax money for interest on the so-called “national debt” or to repudiate that debt.

No politician would ever think aloud about that. He’d be politically assassinated by the “newspapers” and the other hirelings of the bankers.

So, it’s better to raise taxes on what’s left of the producing and productive citizens. And, of course, borrow more money from the friendly bankers. They’re always ready.

It’s the blind leading the blind. If the politicians know how our money system operates, they can’t say so. But if they don’t know how it operates, how can they possibly address the real problem?

So the American standard of living goes down. Buffeted by the free trade swindle which is so profitable for the bankers and the plutocrats and the money system which constantly sucks the blood from our economy, we see more poor and destitute, the middle class disappearing and the parasites who are in on the crime get richer and richer.

It will take something like the Sovereignty Resolution—which would have Congress create money under Article I, Sec. 8 of the Constitution and lend it interest-free for good causes—to stop this historic crime.

But don’t expect to read about that in the newspapers. And don’t expect Mr. Hastert, Mr. Daschle or Mr. Kyl to tell you about it. \$

and the Republican lies are no better than the Democratic ones. It won’t happen because it can’t happen under our thoroughly corrupt money system.

Send this paper to your congressman, your two senators, the editor of your local “news” paper, some economist you know, preferably one with a Ph.D. from Harvard. Ask them to comment on it. Tell them that if this is factual, they’re lying to you and to the American people. If they write back, send us a copy of the letter. Then we will reprint some of these letters from these wise “leaders.” That will be fun. By their irresponsible, deceitful and corrupt policies and practices, the plutocrats and their pet politicians are driving America to penury and enslavement to their international money cartel. Anarchy and revolution are inevitable under the present system. \$

The Reason for this Report: The "Kyl Letter"

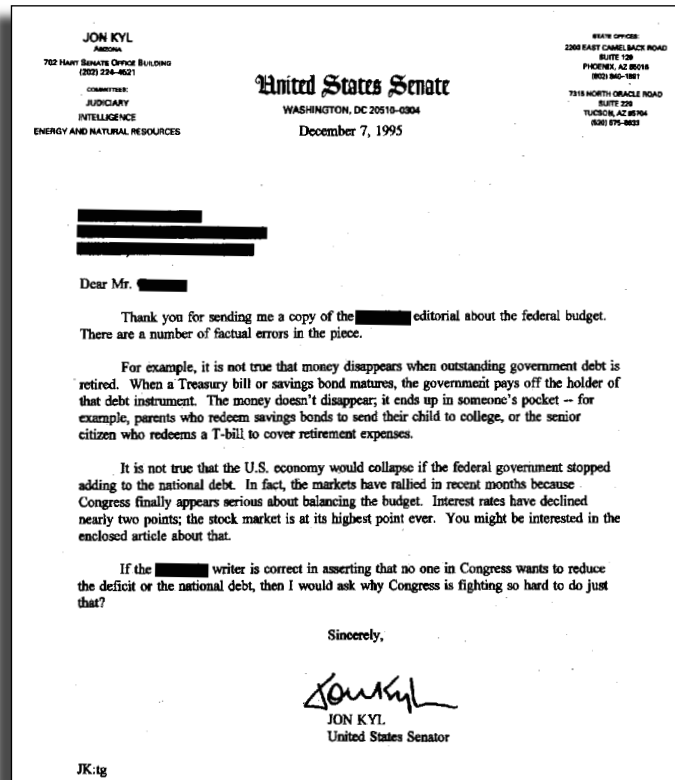
The following is an open letter to Sen. Jon Kyl (R-Ariz.), who, in a letter to a constituent, asserted that a certain newspaper had made "factual errors" in regard to the budget. Specifically, he wrote, these errors had to do with reporting on the federal budget, which declared the entire process a fraud. The letter has been updated in part, but otherwise is exactly the same as the original. It has never been answered.

January 3, 1996

Sen. Jon Kyl
Senate Office Building
Washington, D.C. 20003

Dear Sen. Kyl:

A constituent of yours in Phoenix has sent to us a copy of your letter to him dated December 7, 1995 in which you have accused us of committing several factual errors in regard to the budget process. We claim that the federal budget is an egregious fraud on the public. You claim the Congress is seriously dealing with the deficit and the national debt. We claim the inherent fallacies of the budget, our money system and the budget itself render the annual budget wrangling a humbug. These fallacies fall into at least eight areas which I will detail on the following pages:



Sen. Jon Kyl (R-Ariz.) has misconceptions about the nature of the federal budget, the deficit and America's money system. His erroneous ideas are mirrored by all but a few of the 100 senators and 435 representatives in Congress—many of whom are afraid to speak up. His letter (above, left) brought the reply from Willis Carto appearing in the pages of this report.

Great Americans Who Understood Money



REV. CHARLES COUGHLIN



LAWRENCE DENNIS



THOMAS EDISON



HAMILTON FISH



HENRY FORD



HENRY GONZALEZ



WILLIAM R. HEARST



SEN. HIRAM JOHNSON



SEN. ROBERT LAFOLLETTE



CHARLES LINDBERGH SR.



CHARLES LINDBERGH JR.



HUEY LONG



ROBERT McCORMICK



REP. JACK METCALF



SEN. GEORGE MALONE



H.L. MENCKEN



WILLIAM MURRAY



REP. WRIGHT PATMAN



EZRA POUND



FRANK RIZZO



ROBERT A. TAFT



SEN. THOMAS WATSON



BURTON K. WHEELER



ROBERT WOOD

Here Are the Eight Reasons Why



The Federal Reserve System is neither federal nor a reserve. It is a private entity owned and controlled by private interests, and it operates without audit by Congress or the American people. Its directors are elected by presidents of the major stockholding banks; only the Fed director is chosen by the president, and even his term of office does not coincide with the president's. Its meetings, at which are determined various interest rates such as the prime, the discount etc., are held in the strictest secrecy, and the results are not announced until the insiders choose to do so. Meanwhile, the insiders are free to use their inside information to their corrupt advantage, and one must be very naive to think they do not.

The worst aspect of our money system, however, is the fact that, although the Constitution (Art. 1, Sec. 8) specifically assigns Congress the power to coin (create) money, Congress abdicated this power and handed it to a private consortium of bankers in 1913, and thereby delivered the economic fate of the people into the hands of non-elected, irresponsible, even secret persons who exercise control over the lifeblood of this nation.

The money issued by the Fed is created by the mere "stroke of a pen," then loaned out to the major banks at interest. Thus, every dollar except U.S. Notes and coins carried in the pockets of our citizens carries with it an interest burden that the taxpayers must pay with the sweat of their brows.

The federal debt can never be eliminated as long as our money carries this inherent tribute. Congress must abolish the Fed and order the Treasury to issue money interest-free. As Thomas Edison said, if the government can issue a bond, it can issue currency.

Your reference to the retirement of debt is also misleading. We did not say that private holders of government debt did not receive their money plus interest when that debt matured. Rather, we take issue with the artificial process of the banks being able to literally create money with which they then "buy" interest-bearing bonds which either must be redeemed by the taxpayers or by more phony bonds later. This process is clearly self-destructive.

When a bank makes a loan, it does not lend depositors' money; it merely makes a checkbook entry. That money, created out of nothing, is lent to the borrower, who must repay it with interest. The interest is the profit for the bank. The principal, as it is repaid, is retired out of existence.

This is why the money supply, in its various forms, fluctuates. It grows and shrinks according to how much money the banks lend into circulation, and how much is being repaid, and thus erased from existence. It has now gotten to the ridiculous point where Americans are being told it is their patriotic duty to borrow money at interest so as to "prime the economy," bringing more money into circulation, when indeed Congress could do this more simply, and at no cost to the taxpayers, by simply enacting a law to issue money according to the Constitution.

Bankers and economists pretend that their business is an arcane science, that its complexities exceed the grasp of mere mortals such as the American working people, in order to further obfuscate the nature of their dirty deeds. Does the reality of this scam escape your notice because of ignorance or complicity?

If the facts above are truly unknown to you, please consult the research of the late Rep. Henry Gonzalez (D-

Texas), former chairman of the House Banking Committee, who for decades tried to educate members of Congress on this subject. His work will, I am sure, take you through every detail and wrinkle of the Fed and its unconstitutional activities.

Also, you could question former Rep. Jack Metcalf (R-Wash.), who, as a member of the Washington state legislature, made this issue a personal crusade, and has written many position papers on the subject. This subject is now more appropriate than ever, since interest on the debt, currently running about \$360 billion a year, is the second largest single item in the budget, and is totally unnecessary. Talk about fraud.



The budget is also fraudulent in an area that should be familiar to you, as a member of the Senate Select Committee on Intelligence. As you know, the so-called "black budget," which contains funding for secret defense and intelligence operations, is buried deep within the entire budget document, under phony government operations, agencies and expenditures, ostensibly so that foreign enemies cannot determine the amount and the ways in which we spend our intelligence dollars. Only high-ranking officials of the intelligence agencies, the military, the executive and members of the intelligence oversight committees in Congress are supposed to know where the money is hidden, and how much is appropriated. This charade renders the entire budget a fraud, because *falsus in uno, falsus in omnibus*. If the budget is false in one respect, the whole thing is false. Not even the size of these expenditures is made public, although experts estimate them at least \$30 billion. Please advise the amount of these questionable expenditures.

As an aside, the question arises, since there is no accountability for this spending, what are we getting for our money? The CIA has failed miserably in its chartered assignment, which was and continues to be to assess foreign threats to American interests at home and abroad. However, not only is it a documented fact that the CIA consistently overstated the military power and intentions of the former Soviet Union, our primary adversary during the decades of the Cold War, but the CIA is riddled with foreign spies itself, who were feeding our enemies, (and, in the case of Israel, France and others, our so-called allies), our most prized secrets. Need I cite Aldrich Ames? This overestimation of the Soviet threat, which finally rotted and died from within in spite of American support since 1930, cost the American taxpayers countless hundreds of billions, indeed, trillions of dollars, all of which could have been used here at home or to relieve the oppressive taxation you and your colleagues have put on the backs of the taxpayers.

In addition, well-funded U.S. intelligence totally failed to protect the United States against the terror attacks on Washington and New York on Sept. 11. Not only did a group of terrorists infiltrate this country but they also managed to get past airport security and hijack jetliners and crash them into the World Trade towers and the Pentagon.

With the total failure of intelligence to predict the collapse of the communist threat and the worst terror attack in the nation's history, why does this black budget process continue? These are questions that need to be asked, and the American people have a right to know.



The budget process is also a fraud because the so-called Social Security Trust Fund is an imaginary creation, a collection of markers being held by the taxpayers, without their knowledge, to be paid back by future generations of workers; that is, our children and grandchildren. You are well aware that funds collected by FICA taxes are not held in reserve, or trust, for the retirements of the people who have faithfully paid into the system for years. Instead, they are funneled directly into the general revenues, borrowed by the government for normal operating expenses, and the trust fund itself is nothing but a ledger book containing an accounting of these debts. But the trust fund is counted as an "asset," against which the deficit is offset by the amount supposedly contained in the fund. Thus, the deficit is currently \$60 billion higher than officially stated. Ask former Sen. D. Patrick Moynihan (D-N.Y.), an expert on the subject, who has for years been crusading to have the Social Security Trust Fund taken off budget, so that its coffers could not be raided, and so that a truer picture of our financial plight would be presented to the American people.



The entire budget process is guided by politically motivated guesswork. The current wrangling over the seven-year plan to balance the budget is based not only on the phony pretenses and sham arguments advanced above, but is being planned out with two separate sets of assumptions about the future of the economy, and thus tax revenues. The non-partisan Congressional Budget Office is generally considered the more reliable, since it has fewer political axes to grind, but the president insists on using the much rosier predictions of economic performance issued by his own White House Budget Office. But, again as you certainly know, there are as many predictions for the economy as there are economists. Economics is no science, as economists would like us to believe, nor is it an art in the paws of spokesmen for bankers and political opportunists. These "experts" cannot come anywhere near predicting the future course of our economy. A stock market crash, a bad winter, acts of God such as hurricanes, floods etc., can all dramatically increase government expenditures. Bank failures, such as the savings and loan debacle of the 1980s, also occur without any official "warning," and this last example alone cost taxpayers upwards of a whopping \$1 trillion.

Also, wars, in which the United States intervenes, dramatically affect the economy. Yet all these budget predictions are made without taking into account the unknown. Not only is this highly presumptuous, a prime example of hubris, but it is downright stupid, since the course of human events is entirely unpredictable.



The budget is a fraud because, in addition to the visible debt that you and your colleagues acknowledge, there are trillions of dollars in contingencies, liabilities and commitments. The government guarantees foreign military sales, agriculture credit insurance, overseas investments, bank and S&L deposits, mass transit, disaster loans, small business

y the Federal Budget is a Fraud

loans, urban renewal, electrifications, not to mention Social Security and some 50 federal pension programs, including civil service, the military, railroad retirement and perhaps the most generous pension program in history, the one in which you and your distinguished colleagues personally participate. In 1977, this writer, in *The American Mercury*, estimated the total contingent liabilities to be about \$7 trillion. As the "national debt" then was "only" \$700 billion as compared to \$6 trillion today, or about one-ninth, and the annual interest ripoff then was "only" \$4.3 billion as compared to \$360 billion today, or about one-eighty fourth, the total federal debt today, including the contingent and other unfunded liabilities, could be nine or ten times greater, or about \$70 trillion, give or take a few trillion. That's about \$350,000 per man, woman and child in the U.S.A. (The number does not include state, municipal and other official debt, nor does it include personal debt, such as mortgages and credit cards, nor corporate debt, but one has to stop counting some time.)



Since the passage of Gramm-Rudman, under which every new expenditure had to be paid for either by a tax hike or a like-sized reduction in some other program, Congress has circumvented the intent of the law by simply taking huge programs they couldn't otherwise pay for "off-budget." That is, you and your colleagues simply remove expenditures from the budget process, using an accounting process that in any business would be a felony offense. Keeping two sets of books is for money-launderers, loan sharks, Mafiosi and other assorted criminal types, not the representatives of the people of this nation. Another way Congress has gotten around the stringent pay-as-you-go rules of Gramm-Rudman is simply to pass laws forcing the states to pay for federally-mandated programs. This also increases the tax burden on workers, and is by definition an "indirect" tax, which is specifically outlawed by the Constitution. And, although this is slightly off the subject, it cannot remain unmentioned that during this time of fiscal calamity and belt-tightening, when Americans are being asked to sacrifice their standard of living and that of their progeny, it is highly immoral to continue shipping money overseas in the form of foreign aid, housing for Jewish immigrants to Israel and Russian officers returning to the mother country from duty in occupied nations. Add to this billions to prop up regimes such as in Egypt and Algeria and to knock down others, such as Burma, Iraq, Iran and now Afghanistan. You and your colleagues have taken an oath to the Constitution and are supposed to serve your constituents.



The seventh reason any thought of "balancing the budget" is spurious, laughable and a fraud relates to point number one, above, and it is that all payments made to reduce the debt disappear from the money supply for the reasons given. Thus, if the "national debt" were to be paid off to the bankers who own it, there would be no money left except coins and the \$450 million interest-free United States Notes (Greenbacks) issued by Congress during the administration of Abraham Lincoln. All other money would be gone, creating a depression infinitely worse than any in

human history. Your colleagues who babble about paying off the debt would do better auditioning for a Gilbert and Sullivan operetta.



The eighth reason why the budget is a fraud concerns the fact that all states and most counties and cities have amassed trillions of dollars in securities and cash that they try to keep secret from the taxpayers who are expected to continue to pay taxes and levies to build up these unused surpluses. The brief essay below cites a few of the facts which have been unearthed not only by the author, Mr. Anthony J. Hargis, but independent researchers, primarily Mr. Walter Burien.*

According to the Comprehensive Annual Financial Report (CAFR), issued by California, the state has amassed a surplus of \$425 billion.

From 60 to 80 percent of these surpluses are invested in cash investments such as certificates of deposit, bankers' acceptances, stocks, bonds, real estate, for example. They are invested domestically and in foreign countries. None of these investments represent a lawful, constitutional purpose of government. This means that these surpluses represent an unconstitutional taking of private property on a gigantic scale.

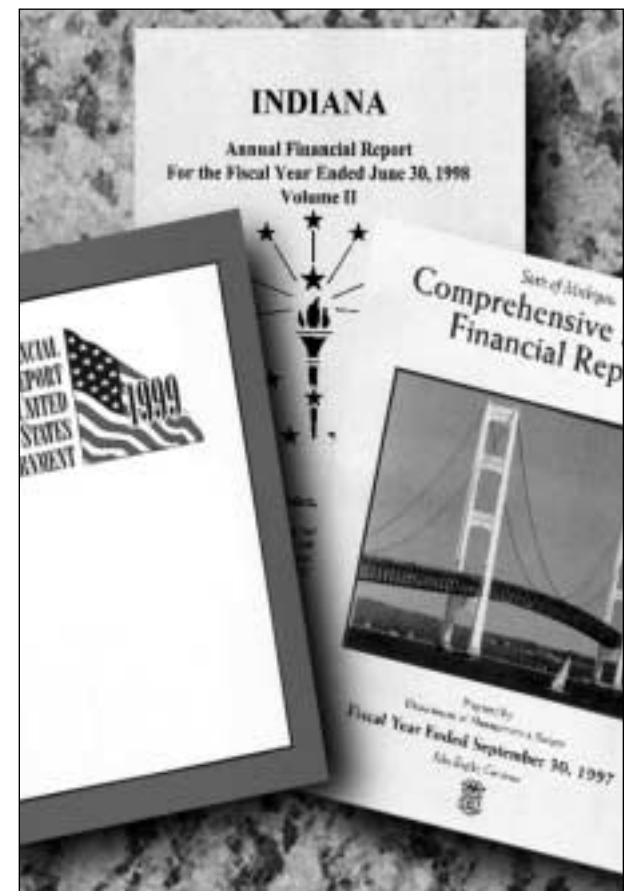
These numbers are so staggering that they are almost meaningless. It would help to understand them if we reduced them to numbers that we could relate to. This surplus would allow the state government to operate for at least four years without collecting a penny of taxes, fines, or fees. If divided among the people of California, every man, woman, and child in the state would receive \$14,000.

And then there are the cities and counties in California. Every one of them has a surplus that would allow it to operate for one to five years without taxes. The cumulative total of these surpluses divided out to something like \$20,000 for every man, woman, and child in the state.

The same can be done in other states. The surplus for Texas in 1997 would allow it to operate for more than two years without collecting taxes and would divide out to \$6,500 per resident. This does not include cities and counties in Texas.

For Washington state in 1999, the numbers are almost two years without taxes and \$10,000 per resident.

For King County, Wash., in 1999, the numbers are



Examples of Comprehensive Annual Financial Reports (CAFR) issued by the states which display the surpluses that have been acquired unbeknownst to taxpayers.

more than two years without taxes and almost \$2,000 per resident.

For the state of Utah in 2001, the numbers are almost four years without taxes and almost \$11,000 per resident.

For Lancaster County, Pa., in 1995, the numbers are more than three years without taxes and \$4,000 per resident.

*For more detailed information on the CAFR scandal, Mr. Hargis can be contacted at P.O. Box 8065, Fountain Valley, Calif. 92728. Mr. Burien can be reached by writing P.O. Box 31121, Mesa, Ariz. 85275.

Conclusion of Letter to Sen. Kyl . . .

Most of the information above has been supplied for years by numerous representatives and senators including James Jackson, Charles A. Lindbergh Sr., Louis T. McFadden, Francis H. Shoemaker, Charles G. Binderup, William Jennings Bryan, Thomas E. Watson, Wright Patman, James C. Oliver, Jerry Voorhis, Thomas H. Benton and John Rarick. American presidents, including in particular Thomas Jefferson (and his Secretary of the Treasury, Albert Gallatin), John Adams, Andrew Jackson, Martin Van Buren, Abraham Lincoln and James Garfield understood the horrible consequences of a banker-controlled money system as did Benjamin Franklin. Marriner S. Eccles, former chairman of the Federal Reserve Board, admitted the facts about money as stated above, including that it is created out of nothing by bankers and that a repayment of the national debt would extinguish all the money in America except coins and the Lincoln Greenbacks. Robert H. Hemphill, one-time chairman of the Federal Reserve Bank at Atlanta, has admitted these facts. Public-spirited citizens at their own—often great—cost have explained the way our money system works, including Curtis B. Dall, Dr. Martin A. Larson, Peter Cook, Richard F. Warner, Theodore R. Thoren, Margaret Thoren, Ken Bohnsack, Joe

Phelps, David Astle, Steve Zarlenga, Les Wisler, Henry Ford, Thomas Edison, Rev. Charles E. Coughlin, Ezra Pound, Norman Dodd, Eustace Mullins, Frederick Soddy, Sarah Emry, Sydney H. Foster, Wickliffe B. Vennard Sr., Benjamin H. Freedman, Olive Cushing Dwinell, T. Cushing Daniel, William H. Harvey, Charles and Russell Norburn, Myron C. Fagan, Cornelius C. Veith, Vincent C. Vickers, Gertrude Coogan, June Grem, Silas W. Adams, Harold Fisk, Thomas Robertson, Etta M. Russell, Russell Maguire, Lambert Schuyler, Edward Popp, Arthur Brisbane and Rev. Sheldon Emry just to name a few. These and many others have warned that immediate and radical restructuring of our corrupt money system is essential to avoid its complete collapse and with it the collapse of the world economy. More poignant, perhaps, will be the loss of 535 jobs in Congress and the pensions of you worthies. Unfortunately, the day appears close at hand of the total collapse of our fatally diseased money system. Politics-as-usual can no longer be tolerated. Please advise how you plan to meet this crisis.

Sincerely,
W.A. CARTO
CITIZEN

Private Fed Has Money Power

The power of the Federal Reserve is awesome—and unchallenged.

By Dr. Martin A. Larson (1897-1994)

A person by the name of Fayette Hickox has published an article in *Town and Country* magazine concerning the Fed, which is interesting as the estimate of another independent investigator. What is said is correct, but it does not tell the whole truth. Even though I have written much and often concerning this monetary monster, I thought it appropriate to summarize what another analyst thinks. It corroborates most, but not all, of what I have been saying for more than 10 years.

The author declares that the New York branch of the Fed is actually the central bank of the United States, the world's foremost industrial nation.

"What happens here has both instant and long-range effects around the world. As the operative arm of U.S. monetary policy, the New York Fed, with its all-important Wall Street location, is the only one of the 12 regional Federal Reserve banks empowered to adjust the nation's money supply through open market trading activities and to enact the nation's foreign exchange operations."

Here the author correctly puts his finger on what is perhaps the Fed's most important operation—its Open Market Committee, which was added under Franklin Roosevelt in 1935 at the behest of his masters, the Wall Street bankers.

"The board of governors are at the apex of . . . the system. [They] supervise the 12 constituent banks; set reserve requirements for depository institutions; set discount rates; and, with the regional banks, supervise and regulate the commercial member banks; and establish and administer consumer credit laws."

What more power could they possibly desire?

"The 12 reserve banks are also semi-autonomous. Each has its own stockholders, its own research staff and nine-member board of directors . . . The New York Fed earned \$5.7 billion in 1984—nearly a third of the \$18.06 billion earned by the entire system.

"The open market operations are not just an ingenious



Above, the Federal Reserve Building in Washington, D.C. Inset, Dr. Martin A. Larson.

moneymaking scheme. They are, in fact, the Fed's chief tool of monetary policy, the means that ultimately determine how taut or how slack the nation's money supply will be.

"The dealer who sells the securities is paid by a check that the Federal Reserve draws on itself. When he deposits the check, the Federal Reserve honors the check by increasing the reserves of the bank. The new funds in the banking system create greater lending capacity; the ultimate ripple effect of the Fed's original purchase is roughly 10 times the purchase price."

In other words, as I have often explained, the Fed bankers obtain government securities for nothing, collect billions of dollars of interest thereon from the taxpayers, and use them as a reserve to create credit—i.e., lend checkbook money at high interest rates equal to 10 times the face value of the securities they obtain scot-free. Wonderful, isn't it?

The fact is, of course, that the Fed is a "government agency" only in the sense that it was established by federal statute, which is the very source of its private power. Neither the president nor Congress can intervene to any degree in its daily operations. Actually, its might and wealth are so great that both the executive and legislative branches—in spite of the fact that they could abolish the Fed and replace it with a constitutional entity—are the mere errand boys for the plutocrats who control and operate this monetary colossus. When will the American people wake up to this colossal scandal. \$

Dr. Martin A. Larson devoted his life to citizen education mainly in the fields of taxation and personal economy. He authored numerous books on these subjects and wrote a popular weekly column for The Spotlight newspaper for over 20 years.

Some Notable Comments on the Federal Reserve and Debt-Based Money:

"If the American people ever allow the banks to control the issuance of their currency, first by inflation and then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers occupied."

—Thomas Jefferson

"In my long political career, the one thing I genuinely regret is my part in getting the banking and currency legislation enacted into law."

—William Jennings Bryan,
Democratic Party Whip
during passage of the
Federal Reserve Act

"A great industrial nation is controlled by its system of credit. Our system of credit is

concentrated in the Federal Reserve System. The growth of the nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated governments in the civilized world—no longer a government by free opinion, no longer a government by conviction and the vote of the majority, but a government by the opinion and duress of small groups of dominant men."

—President Woodrow Wilson,
three years after signing
the Federal Reserve
Act into law.

"This act establishes the most gigantic trust on earth. When the president signs the bill, the invisible government by the monetary power will be legalized. The worst legislative crime of the ages is perpetrated by

this banking and currency bill. The caucus and the party bosses have again operated and prevented the people from getting the benefits of their own government."

—Rep. Charles Lindbergh Sr.,
on the passage of the
Federal Reserve Act

"We pass worthy laws through the House and Senate, and the president signs. We attach a large penalty for violation and congratulate ourselves that we have expressed the will of the people in laws. But you, the Federal Reserve banking system, hold in your hand a mightier power, the power of money; for by this power you control God Almighty's first law, the law of self-preservation. You, by the power of money, can turn back the clock of time from civilization to dark past. For no power on Earth to man for evil or for good can equal the power of money."

—Rep. Charles G. Binderup (D-Neb.),
on the floor of the House on Oct. 6, 1938

"In the field of money and credit, yes."
—Marriner S. Eccles, former Chairman
of the Federal Reserve Board, after being
asked by the House Banking Committee if
the Fed had more power than either
Congress or the president.

"Mr. Chairman, we have in this country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board and the Federal Reserve banks. The Federal Reserve Board has Cheated the government of the United States out of enough money to pay the national debt.

—Rep. Louis T. McFadden,
during the midst of the
Great Depression



6 Fighters for Money Reform



CURTIS DALL



DAVID ASTLE



WALTER BURIÉN



KEN BOHNSACK

American Free Press:

Your Uncensored Weekly Newspaper from Washington D.C.

American Free Press will **NEVER** compromise its principles or be afraid to speak out.

American Free Press will **NEVER** allow itself to become an organ for the Republican Party (like so many "conservative" journals).

American Free Press will **NEVER** shy away from being a firm voice for populism and AMERICA FIRST PRINCIPLES.

American Free Press will **NEVER** fear to take on the high-powered special interest groups that are promoting a "New World Order."

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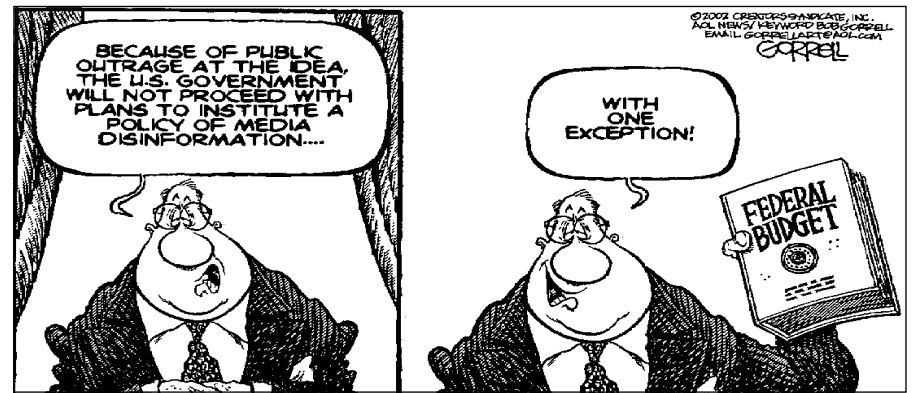
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Bankers Love Bogus Budget

Reprinted from the February 10, 2002 issue of *American Free Press*.

The massive \$2.1 trillion federal budget has been out for over a week. Like all previous budgets it contains something to disappoint just about everyone except the bankers to whom we taxpayers are perpetually indebted.

The staff of *American Free Press* spent many hours verifying figures, trying to get information out of the bloated bureaucracy. For example, no one could provide us with a detailed accounting of foreign aid broken down country by country. After repeated phone calls, no congressional office could tell us how much will be given to Egypt, Israel, Pakistan, etc.



VINCE RYAN

In this time of runaway government—the fastest growing “industry” in the country—only self-serving political posturing and lip-service is paid to curtailing the size and cost of government.

At the federal level, the overwhelming majority of representatives and senators consistently vote to load down the American people with increased debt and higher taxes. Anyone who impugns the lawmakers’ assertions of protecting the solvency and sovereignty of our country quickly learns that the legislators, and not the objects of their scorn, have little or no regard for America’s “national security,” the “general welfare” and especially long term congressional “commitments” to the people.

Furthermore, the politicians proffer as an excuse for their lack of genuine concern for the common good that tired rejoinder, “We owe it to ourselves and to our children and grandchildren,” all the while plunging us deeper into debt to private bankers who are our creditors.

We never learn the details of that story because our children and grandchildren will be paying the interest on the debt contracted by the government in power regardless of the political parties or personalities involved in the plot.

Since our small but dedicated staff is able to show the government folks just how to cut the budget what’s stopping them with their huge staffs of experts from doing so? Gremlins? Special interest lobbyists?

Some may remember the Great Depression of the 1930s. Very little money was in circulation. Manufacturing was down or in many cases firms had disappeared either through bankruptcy or through merger. Home foreclosures were endemic and houses could be purchased for bargain prices.

One quick way of ending a depression is the method FDR used—war. The quiet buildup came first. The Lend-Lease Act was passed by Congress and FDR signed it into law.

Soon Japan bombed Pearl Harbor (a “surprise”) and the American people were happy to go to war against Japan and its “Axis” allies, Germany and Italy. Total employment resulted regardless of the cost in lives and money.

The great historian Harry Elmer Barnes dubbed this kind of governing “Perpetual War for Perpetual Peace.” The bankers love it because they make billions through the operation of the Federal Reserve and its bottomless pit of manufactured debt credit. The people are unaware of the real profiteers on the war.

Moving the clock ahead to 2002, we find the United States at war against “terrorism.” This time it is an undeclared war against an unspecified enemy but with a presidential and congressional guarantee to last for innumerable years.

The real economy is in a recession. Businesses have gone under, unemployment is up and the only proven way to right an economy in which purchasing power is not equal to production is to create wartime production providing the necessary men and materiel to “win.”

Of course, all of this “high-tech” weaponry is very costly, especially because of the cost of research. But the Feds will continue to provide the money in loans and you and I will pay the interest on it.

This arcane business is carefully explained in AFP’s informative special supplement entitled *Billions for the Bankers, Debts for the People*.*

The budget and debt limit will continue to grow each year, creating a false sense of security that will always be with us. \$

* AFP’s informational report, *Billions for the Bankers, Debts for the People* (one copy is \$2, six copies are \$4 and 40 or more are 30 cents each), is available by writing 1433 Pennsylvania Ave. SE, Washington D.C. 20003. Call (888) 699-NEWS to order by Visa or MasterCard. See the ad on page B-7 for more.