

TREATISE –
When There is No Money

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Books

America – National or Federal?

Each state, in ratifying the Constitution, is considered a sovereign body, independent of all others, and only to be bound by its own voluntary act. In this relation, the new Constitution will, if established, be a federal and not a national Constitution.

The Federalist, No. 39, James Madison

In Search of Liberty

Liberty, sir, is the primary object, ...the battles of the Revolution were fought, not to make 'a great and mighty empire', but 'for liberty'. Patrick Henry

What Does Accepted for Value Mean?

Agree with thine adversary quickly, while thou art in the way with him; lest at any time the adversary deliver thee to the judge, and the judge deliver thee to the officer, and thou be cast into prison. Verily I say unto thee, Thou shalt by no means come out thence, till thou hast paid the uttermost farthing. Matthew 5:25-26

Booklets

1 *When There is No Money* FREE

For thus saith the Lord, Ye have sold yourselves for nothing, and ye shall be redeemed without money. Isaiah 52:3

2 *Liberty* FREE

Now the Lord is that Spirit: and where the Spirit of the Lord is, there is Liberty.

II Corinthians 3:17

3 *The Natural Order of Thing* FREE

Owe no one anything, except to love one another; for he who loves his neighbor has fulfilled the law. Romans 13:8

4 *Sovereignty* FREE

Even in almost every nation, which has been denominated free, the state has assumed a supercilious pre-eminence above the people who have formed it. Hence, the haughty notions of state independence, state sovereignty, and state supremacy.

Justice Wilson, *Chisholm v. Georgia*, 2 Dal. (U.S.) 419, 458 (1792)

5 *The Legal System for Sovereign Rulers* FREE

The Lord shall judge the people with equity. Psalms 98:9

6 *The Negative Side of Positive Law* FREE

Therefore, one must be wise and attentive, since there are those among us who make kings and set up princes outside His law. Hosea 8:4

7 *Resident/Minister* FREE

You may also buy some of the temporary residents living among you and members of their clans born in your country, and they will become your property. Leviticus 25:45

8 *Introduction to Law Merchant* FREE

Stand fast, therefore, in the liberty with which Christ hath made us free, and be not entangled again with the yoke of bondage. Galatians 5:1

9 *Society of Slaves and Freedmen* FREE

If men, through fear, fraud, or mistake should in terms renounce or give up any natural right, the eternal law of reason and the grand end of society would absolutely vacate such renunciation. The right to freedom being a gift of ALMIGHTY GOD, it is not in the power of man to alienate this gift and voluntarily become a slave.

Samuel Adams 1772

10 *Introduction to Corporate Political Societies* FREE

Finally, be strong in the Lord and in the strength of his might. Put on the whole armor of God, that you may be able to stand against the wiles of the devil. For we are not contending against flesh and blood, but against principalities, against the powers, against the world rulers of this present darkness, against the spiritual hosts of wickedness in heavenly places. Ephesians 6:10-12

11 *Superior Law, Higher Law, My Law* FREE

You have rights antecedent to all earthly governments' rights that cannot be repealed or restrained by human laws; rights derived from the Great Legislator of the Universe.

John Adams

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Certainly no nation ever before abandoned to the avarice and jugglings of private individuals to regulate according to their own interests, the quantum of circulating medium for the nation -- to inflate, by deluges of paper, the nominal prices of property, and then to buy up that property ... Yet this is what has been done, and will be done...

Thomas Jefferson to William C. Rives, 1819

**Emphasis is added throughout this writing by underlining.
Quoted passages are bolded.**

TREATISE – When There is No Money

INTRODUCTION

And the Lord shall bring thee into Egypt again with ships, by the way whereof I spoke unto thee, Thou shalt see it not more again; and there ye shall be sold unto your enemies for bondmen and bondwomen, and no man shall buy you. Deuteronomy 28:68

For thus saith the Lord, Ye have sold yourselves for nothing, and ye shall be redeemed without money. Isaiah 52: 3

In Proverbs 22:26, we find: **“Be not thou one... of those who are sureties for debts.”** Proverbs 22:7, tell us, **“the borrower is servant to the lender.”** In 2 Kings 4:7, they are told to get rid of the debt **“and live thou and thy children on the rest.”** And in John 8:33, following the more famous line **“And ye shall know the truth and the truth shall make you free”**, is a directive to never be in bondage to any man.

Let us keep in mind that government is instituted for the benefit of the people. It would be ridiculous to assume any government was

established for the demise of the life, liberty or happiness of the people who created government. This treatise will look at issues concerning money, with the emphasis on what happens when a government or an associated corporation issues a paper medium of exchange.

It has been well established that the Constitution for the United States delegates to Congress the authority to coin money and establish the value thereof, and the authority to borrow money on the credit of the United States. The first reference regarding coining money and establishing the value had to do with metallic money of intrinsic value and did not allow for the use of paper money. Emphasis is added in the following quotes and throughout this writing.

Standard Money. Money made of a metal that has utility and value apart from its use as a unit of monetary exchange.

Random House Dictionary of the English Language, 1967

Paper money and tender laws ...were such notorious and flagrant evils, that it was deemed necessary to prohibit them expressly, and by name. *Ogden v. Saunders*, 25 U.S. 213, 217 (1827)

It was declared in every State whose debates on adopting the Constitution are reported, that paper money was to be put an end to.

For several years, in the direst needs of the country, Congress not only never asserted any right to make treasury notes a legal tender, but, by the nature of its legislation, has indicated that it had no power to even materially debase the coin of the republic, or stamp it with false and arbitrary values.

During these years this court has spoken of the legal tender as pernicious, and has pronounced the money power a trust delegated to Congress to maintain a pure metallic standard. Not only Mr. Madison thought Congress had no power to make paper a tender, but Mr. Webster thought so; and the power has been frequently denied in Congress, and prior to the law in question never contended for. *Legal Tender Cases*, 79 U.S. 457, 497-8 (1870)

When it comes to money and the government of the United States, there are two elements to consider. The one is to coin money – that is to mint or fashion the gold or silver of the people into coins with a stamped weight or value. Also, foreign metallic coins serve as money, and congress may oversee their use as to proper weight and value. In neither case does Congress create money, it only oversees the coining of money of intrinsic value thereof. The other element of money comes in the form of borrowing. This method is not as obvious to the casual observer and will be more fully explored later.

Next we will look at the sources of revenue delegated to the government of the United States.

There are two sources of revenue which are essentially the right of the general government. That of imposing duties, and that of borrowing money on the credit of the nation. The safety of the whole depends upon the free and undisturbed exercise of these powers. In peace, the first is necessary to revenue; in war, the second is vital to defense and success. If these powers and rights are not guarded and preserved, the functions and purposes of the union will be suspended and destroyed.

Weston v. City Council of Charleston, 27 U.S. 449, 452-3 (1829)

In times of peace the government was to function on revenue from duties or customs on imports. In times of war, with war meaning a defensive act if America were attacked, the government of the United States may need to borrow money. One should also remember that the means for men to defend the American states was the militias in each of the several states. Borrowing during war or emergency was not meant for fighting wars abroad to build a United States empire.

When it came to borrowing money, the government of the United States could issue bonds to lenders who have dollars of intrinsic value to loan. The bonds would represent a claim upon the government of the United States to the holder of the bond. There are obvious dangers in this method of borrowing, since a debtor is subservient to a lender. If a government is established for the good of the people or states that created it, then how can the same government become subservient to

foreign creditors? The creditors, wielding such potential influence over the affairs of such a debtor government, could realistically alter the actions of government to the advantage of creditors. A true constitutional republican form of government would need to rely on revenue from customs to repay the bond-holders, as described in the Weston quote above.

Before we look at a second form of borrowing, let us look at one of many comments made about government becoming a debtor to bondholders for the purpose of creating a paper currency based on debt. This is known as a funding system. Judge Henry Clay Dean wrote a 512 page book, *Crimes of the Civil War and Curse of the Funding System*, published in 1868, in which he explains a funding system, the evils it produces, and its long lasting detrimental effects. Here are a few quotes from his book.

The funding systems are always based upon public debts, for the purpose of transferring the control of the government into the hands of bondholders as security for their obligations.

Whilst the funding systems last, the government is administered in the interest of the bondholders, who control its legislation. Every independent government is jealous of the rival power of those monied oligarchies, which dethrone monarchies and destroy governments by the transfer of the debt to strangers, who thereby

secure a powerful and dangerous influence in the government, and work its destruction. (page 321)

There cannot be a more startling fact presented to any people than this, that in the richest gold country upon earth, there is not one gold dollar in ordinary circulation, notwithstanding the Constitution of the United States has made gold and silver the only legal tender for the payment of debts. (page 339)

Mr. Clay is saying mere paper, with words of promises to pay, cannot by any construction be considered money. Promises to pay are credits, not money. Henry Dean Clay continues: **“Money is the evidence of wealth, held to represent values. Credit is the evidence of poverty, held to represent indebtedness. Money has a positive value, fixed and stamped upon it by law, which, when used in commerce, commands its specific value; notes or credits are in themselves, nothing but the promises dependent upon the solvency or insolvency of others for their value. Money is the standard value of commerce, by which it is measured and controlled; credit is a beggar upon commerce for time to pay for goods taken up in advance of payment. Credit is just as much money as the shadow of a house is a house – its picture, nothing more. Money is payment beyond which no inquiry is made; credit is the promise of money, without the payment of which it is entirely worthless. (page 340)**

*Crimes of the Civil War and Curse of the
Funding System* by Judge Henry Clay Dean

There is another form of borrowing without the need for bonds or foreign lenders; that is, turning the constitutional power to borrow into currency or a form of money. How does this work?

It should be pointed out that no mere paper currency was authorized by the constitution, yet that is what we find in circulation today. The point to be made here is that if a paper currency is going to be used, there may be a better alternative. To understand this maneuver, we need a little background on forms of government. It is believed by some that a national government is deemed to be the superior authority over its citizens or residents. A national government claims to be the holder of sovereignty and could potentially claim to have an interest in the assets of its citizens or subjects including their labor and their property. These are a few of the reasons the people of the several states did not ratify a constitution establishing a national government. I refer to my book *America: National or Federal?*

While these assets of a nation could be used as surety for the bonds delivered to creditors, these same assets could also be used to back a paper currency issued directly by the treasury. In effect, the issuance of a national paper currency is in fact a form of borrowing from the people, in that the people's labor and property are the source of credit or value backing the circulating paper currency of the treasury.

When the government of the United States issued a paper currency during the civil war era, causing great debates in courts and elsewhere, the legal tender notes were said to be a mortgage on the property of the nation.

But it has been claimed to be a proper regulation of commerce, for Congress to provide a uniform national currency; and that these legal tender notes were, in effect, a mortgage on the whole property of the nation and therefore, the best secured and most uniform currency the nation could have. Although, in truth, the security for this or any national debt is exactly the extent to which the people will consent to contribute through taxation to its payment.

Knox v. Lee, 79 U.S. 287, 298, 12 Wall. 457-681 (1871)

At the time of the Great Depression and bank emergency legislation in the 1930's, we find the following quote from the Congressional Record.

The money will be worth 100 cents on the dollar, because it is backed by the credit of the Nation. It will represent a mortgage on all the homes and other property of all the people in the Nation.

Congressional Record, 1933, March 9, p. 83, Mr. Patman

However, the question to be asked is: Is the government actually borrowing standard dollars of intrinsic value, gold or silver, or is it in effect converting the credit of the nation into a paper currency? Perhaps

there is in fact no borrowing occurring, only the illusion of borrowing. If there is no actual borrowing occurring from outside lenders, then there certainly is no “mortgage on all the homes and other property of the people”. In fact, the “lenders” would be the people; and the government as borrower, would be a debtor to the people, who have knowingly or not, provided the value for the currency in circulation. Since there is no gold or silver backing the currency in modern times, there would be no redemption of the paper money.

The following quote from the *Perry* case illustrates this point. The *Perry* case is one of many discussing the destruction that has so often followed when a government proclaims a paper currency as legal tender.

It is a power which cannot tend to beneficial results, because the paper of the government derives its value from the confidence of the people, which is the basis of its credit, and this confidence is not a creature of compulsory legislation. ...Occasions have heretofore occurred, as in 1812, in which, if the exercise of it was desirable at any time, it was expedient then; but Congress has never before claimed the right to substitute its own paper for gold and silver in the business transactions of the people.

The object is really to borrow money from the people by forcing them to use government paper in business transactions; and it was supposed the validity of the provision would be rested, not on the power to coin, but the power to borrow, for this is what the

transaction was in truth designed to accomplish, though we think it can be shown that it does not tend to do so. The currency of the country need no aid from Congress.

...If the government, under this clause, can make its own paper a legal tender, then it can the bonds of New York City or State, or the paper of the New York banks, or Arkansas bonds, or the paper of any private association or individual. It is incredible that such a monstrous stretch of power can gravely be claimed for a government like ours.

Perry v. Washburn, 20 Cal. 318, 336-8, (1862), Haight, for Respondents

This would appear to be a good place to insert another element necessary to better understand the foundation for the issuance of paper money and the power of borrowing. This discussion will eventually lead to a reason why the government of the United States could not issue such currency or legal tender earlier in its history, and why at this time during and after the civil war the government believed it could issue a paper currency.

1 – UNITED STATES IN ITS NATIONAL CAPACITY

The government of the United States is said to function in two characters – one federal and the other national. As a federal

government, those serving under the constitution are restricted to expressly delegated powers. It has also been said that the same government has expanded powers over the District of Columbia where it functions as a national government. As a national government, those serving in such a capacity are said to function in a sovereign capacity and are not limited to expressly delegated powers, but are to adhere to the restrictions contained in the constitution. Therefore, it has been said the government of the United States could issue a paper currency for the District, but it could not do so with respect to the several states of America.

The contract was made in the District of Columbia; was to be there performed; and respected real property in Washington. Within this District, Congress has power to exercise exclusive legislation, in all cases whatsoever. Art. I, sec. 8, ch. 17

These terms unquestionably include the power to make treasury notes legal tender for all debts. *Willard v Taylor*, 8 Wall. 557 (1869)

Whether the statements made above in *Willard* were proper or not, that is the belief that succeeded in opening the door to paper money. What was then necessary to expand the use of a paper currency was to get the states and the people to have a national political character as though they were within the District, by using legal fictions.

Another point that should be included is that the national character of the government was said to be the victor of the civil war and conqueror of the states, or at least the confederate states that had left the union. The rights of a conqueror are found in the writings on the law of nations and international law and policy. The following quote is given to show a few of the issues addressed with respect to conquest.

...the people of the insurgent States, under the Confederate government were, in legal contemplation, substantially in the same condition as inhabitants of districts of a country occupied and controlled by an invading belligerent. The rules which would apply in the former case would apply in the latter; and, as in the former case, *the people must be regarded as subjects of a foreign power*, ...and contracts among them be interpreted and enforced with reference to the conditions imposed by the conqueror, so in the latter case, the inhabitants must be regarded as *under the authority of the insurgent belligerent power actually established as the government of the country*, and contracts made with them must be interpreted and enforced with reference to the condition of things created by the acts of the governing power.

Thorington v. Smith, 75 U.S. 1, 12 (1868)

In my research, I have not found a treaty of peace concerning the civil war that would put an end to the war and emergency policy and statutes related to this era. The many alterations that have occurred in America

starting with the civil war are a result of the “conditions imposed by the conqueror”. While constitutional government had little leeway in how it could act, the new government format for the “new nation” following the civil war did things that would have been considered contrary to the Constitution. In 1869, as expressed in the *Willard* case, we find the remarkable statement that goes against earlier supreme court decisions; Congress has “**the power to make treasury notes legal tender for all debts**” in the District.

There is more I would like to say on the subject of war powers and the rights of a conqueror, but that will be covered in another writing, as the object here is to look at the source of credit or value behind the paper money now in circulation and known as Federal Reserve Notes. Before moving on, let me say the main source or only source of power and authority is in God or his creatures as living, breathing men and women. It is the use of fictions that may cause the ignorant or unknowing to think conquerors, governments, or corporations possess real power.

It is also relevant here to bring in another fact; that is, a new citizenship was developed by Congress via the Fourteenth Amendment and prior legislative acts designed for those who had been in a condition of slavery. The new citizenship was a national political citizenship, corresponding to the character of the government over the District and with the addition of a sovereign power from conquest. It is the concept of allegiance being owed to a conquering sovereign in exchange for

protection that causes the labor or property of the citizens to be available as surety on government borrowing, and subject to numerous administrative regulations.

Ex parte State of Virginia, 100 U.S. 339, is one example that shows the 14th Amendment “**recognized, if it did not create, a national citizenship, as contradistinguished from that of the States.**” Again, I would refer you to the book *America: National or Federal?*, for more information on this subject regarding nationalism.

In essence, the government of the United States through its expanded powers over the District and as a conqueror or sovereign power, brought in a new citizen/subject owing allegiance to this new “nation”. This new nation gave the District a new preeminence, much like Rome was for the Roman empire. The acquired territories were a part of the new nation in a geographical sense. In a political sense, the new nation added a classification for U.S. citizens subject to the jurisdiction of the United States in its national character. The several states of America, each having a republican form of government, took on a new national character to fit into the new design for the new nation, where the states became more like municipal corporations being a political corporate entity, as represented by the names, State of Virginia, State of New York, etc.

Now, returning to the topic of money, we can see how it could be said time and time again that Congress possessed no authority for creating a paper currency, and then after the civil war establishing a paper currency, followed by incorporating national banks circulating notes as currency, ending with a national centralized system with Federal Reserve Notes. But the question remains, who is really backing the paper money? Who is the creditor and who is the debtor?

The *Knox* case of 1871 gives us some insight into paper currency were the court was discussing the paper legal tender legislation:

[If] Congress [can] exercise a power conferred by the Constitution, [then] the means which it selects are constitutional, whatever may be the opinion of the court of its practical wisdom, because the decision, whether practically conducive to the end proposed, is a political and administrative question, and not a judicial one

That statement is very important for understanding how it could be that everyone knew congress had no authority to make paper a legal tender until the civil war era when suddenly (although other tricks were involved like loading the supreme court with the right people) it is said this is not now a judicial question. It is not a question of law, but rather it is a political and administrative question. Those things that are “**political in their character**” are things that concern “**relations**

between the people and their sovereign”. *American Ins. Co. v. 356 Bales of Cotton*, 26 U.S. 511, 544 (1828) A major alteration occurred allowing governments, more than ever, to asserted themselves as masters over subject citizens.

The evident meaning of these...words (subject to the jurisdiction thereof in 14th Amendment) is, not merely subject in some respects or degree to the jurisdiction of the United States, but completely subject to their political jurisdiction, and owing them direct and immediate allegiance. ... To be a citizen of the United States is a political privilege. *Elks v Wilkens*, 112 U.S. 94, 109 (1884)

There are several other questions, also, which may arise under our form of government that are not properly of judicial cognizance. They originate in political matters, extend to political objects...

Luther v. Borden, 48 U.S. 1, 53 - 55 (1849)

This is a most important point for many reasons involving many issues. It should be noted the government of the United States did not have a domestic or general jurisdiction within the several states. The appearance of expanded authority is a result of this “political jurisdiction”. It should also be noted there is a presumption that original law or constitutional judicial power does not involve itself with political questions. If government is acting as a sovereign political superior over things under its control, or as an agent for some other group or entity

claiming such rights, then it is deemed that the superior political authority may dictate policy on various topics that are not a matter of law and not proper subjects for original judicial courts of law. Hence, what the law is, is at times of little avail, since most things will be viewed as political questions, and are to be based on new theories, principles, and policies. My study shows, however, that your status, or whether or not you are subject to a particular authority, is voluntary. Next we will return to the *Knox* case.

If the government needed gold, and it was in the possession of A, it could take it from him, as they could take his personal service, against his will, or could batter down his house, if it stood in the way of military operations. If A had said, "I owe this gold to B, and am on my way to pay him my debt," the officers of the government could accompany him to his creditor, and when the payment was made, seize it from him. What difference does it make whether that was the form in which it was done, or whether it was taken from A, and there was furnished him a certificate that the money belonging to B, and intended for him, was taken by the government, which would be responsible to B for its payment?

Knox v. Lee, 79 U.S. 287, 304, 12 Wall. 457-681 (1871) Akerman, Atty. Gen.

We should understand the Attorney General is speaking of extraordinary powers for government (as mentioned earlier) to take one's personal service or gold. This sounds rather feudalistic or even

dictatorial, and you may rightly disagree with his statement; however, that is the nature of sovereign political authority used to build empires. If the political sovereign authority takes something from you, like gold, and gives in its place a paper, who is the debtor? Who is the party responsible to make payment? – The government or whoever took the gold. In the *Knox* case, the scenario described would appear to utilize paper in the nature of money that is redeemable for gold if the “certificate” could be presented to the government for payment. This would indicate there were outside lenders providing standard money of intrinsic value.

What happened in 1933? Did the people and corporations turn in their gold? While there have been times when paper currency was redeemable for lawful dollars being gold or silver, there are times when paper is not redeemable. Is theft allowed or lawful for anyone, anywhere? No. If a government is using the value by hypothecating the labor or property of the people of the nation, and not paying you directly for your contribution, or there is no means to pay you lawful dollars of intrinsic value, then there must be a means of settling debts to adjust the accounts. Sometimes this is referred to as an exemption.

The Indiana Supreme Court also discussed the legal tender acts of Congress and found them unconstitutional, which they are strictly by law. This evidently is not the case from a political perspective if one

assumes the national character of the government, as over the District, was the victor, conqueror, and sovereign authority.

In another aspect, it enables the government to make, by indirection, forced loans as actual if not as oppressive as those of Charles I, as they are made without interest, against the will of the lender, and without repayment of but a part of the principal; thus, in this case, as an example. The government desires Thayer to loan it 500 dollars. Thayer expresses his inability or unwillingness to spare the money. The government then goes to Hedges and Kleiger and says to them, you owe Thayer 500 dollars, which you are about to pay him. The government wants that money, but he will not loan it. You pay it to the government, and it will give you a piece of paper which it will compel him to take of you, instead of the money contracted for, in payment of your debt.

Thayer v. Hedges, 22 Ind. 282, 286-87 (1864)

When a government uses a paper currency, it is equivalent to a loan from the people. **It is through the use of paper money that the issuer can obtain everything necessary for himself or itself without surrendering anything of comparable value in exchange.** However, I contend the issuer does have a moral obligation, in addition to a legal one, to those who provide the value or assets backing the paper currency.

If we look at the same scenario from another perspective, whereby the people or property of the nation are the surety for the debts of a government if it borrows standard money of intrinsic value, then the surety has a claim against the principal debtor, i.e. the government. The people would be the creditors and government the debtor to the people.

Debtors are also principal and surety; the principal debtor is bound as between him and his surety to pay the whole debt, and if the surety pay it, he will be entitled to recover against the principal.

Bouvier's Law Dictionary, 1856

The following is a scenario to help one understand the advantages for the issuer of paper currency.

2 - MONEY CHANGERS

With dollars of intrinsic value like gold or silver, a loaf of bread bought the dollar; or it could be said the dollar bought the loaf of bread. The transaction is finished. The bread, the gold, the or silver all have value or utility beyond an exchange value.

If I wanted a loaf of bread but did not have a dollar, I could offer a promissory note to the man, Mr. Bread. If Mr. Bread accepts the promissory note, I receive the loaf of bread. By today's legal

definitions, it can be said I purchased the loaf of bread with the promissory note; however, with standard money of intrinsic value, the transaction is not complete until Mr. Bread presents the note and receives a dollar from me.

We could repeat the same scenario with a bill of exchange but must include a third party as the payor. If I gave Mr. Bread my bill of exchange for the loaf of bread, he would need to take the paper to another man, Mr. Banks, who has one of my dollars that he will give to Mr. Bread. Mr. Banks could be my agent or fiduciary holding my dollars, or he could be my debtor who would deduct one dollar from the amount he owes me.

If Mr. Bread decided to buy five pounds of wheat that was offered for sale for a dollar, Mr. Bread could offer Mr. Wheat the promissory note or bill of exchange he accepted from me. If Mr. Wheat agreed to accept the note or bill, Mr. Bread could sign his name on the back (an indorsement) and Mr. Wheat would then be the holder of the note or bill.

Mr. Bread would no longer be holding a claim against me for a dollar; he exchanged the negotiable instrument for the wheat. He, by his indorsement and delivery of the paper, had passed the right to receive a dollar to Mr. Wheat. Neither of these exchanges of products would be

complete, however, until Mr. Wheat got his dollar from me or Mr. Banks.

Mr. Wheat could use the note or bill to purchase an item resulting in a new holder who would have a claim for a dollar. In the meantime, I had received a loaf of bread but I had not yet paid a dollar, I only gave a promise to pay a dollar.

If either negotiable instrument had been presented and not paid, Mr. Wheat would properly be thinking Mr. Bread received his wheat but he has failed to pay as promised. Mr. Bread would properly be thinking that I received his loaf of bread, but I did not honor my promise and pay the dollar since the paper promising to pay failed to provide the dollar. The note or bill would then be said to be dishonored. It is dishonorable not to keep one's promise.

Now, what happens if there are no dollars of intrinsic value in circulation? The negotiable instruments could keep on being used for countless transactions. For example, Mr. Wheat has my bill of exchange and needs a quart of milk, so he could offer it to Mr. Milkman. Mr. Milkman could use that bill of exchange to get a bale of hay for his cows that produce the milk. This instrument could just keep circulating. This instrument, and all others I might issue, would not have a redemption statement on them, so I would not need to ever pay a dollar of gold or silver.

All of the participants above gave something of value (bread, wheat, milk), and probably their energy or labor to produce the bread, wheat or milk, in exchange for paper used as money. They all could receive something of value for the paper if it were accepted by another merchant, but I create money out of nothing. To everyone else, the paper seems to serve the same purpose as money, except the issuer can in effect, steal the labor and goods of those to whom he gives the paper for services or goods.

The amounts showing on the papers I issued should represent liabilities to me. Otherwise, I am nothing more than a common thief stealing items of value and the energy of those who put forth effort to produce the items or services I received. If I kept records, my books would be out of balance, showing I have not paid or given an asset or value for the things I received from others. All the paper I put into circulation would represent the debt I owe. Can you really buy something with paper that represents someone's debt?

Of course, I would hope no one discovered how my scheme worked. Otherwise, they might be upset that I need not exchange goods, labor, energy or value to get what I want with my paper. If I were greedy or evil minded, and since I have plenty of "money" to spend, I could be the most influential man in the country. I could have the best of everything. I could live like a king with all my land, houses, goods, furnishing, and

services supplied by the people of the country. I use the paper I put in circulation, and it serves as money for the people. I could gain great influence and prestige. I could influence elections by helping promote certain candidates in elections, making sure my friends are judges in the courts. I could hire the best attorneys, own mass media companies – in effect, I could redesign society to fit my ideologies.

Now I must admit, historically, paper money tends to depreciate in value, so the people will need to work harder or more hours to maintain their lifestyle. I do not think they will realize, however, that part of the problem is that I am siphoning off their productivity using this paper to obtain all that I have, my staff of servants, my armies of men and women to oversee my business affairs, and my grants to projects and universities for those who adhere to my ideals on how society should think and function.

I could set up banks. People, unknowledgeable about such matters who don't know the difference between a dollar and a piece of paper, would come in to borrow dollars like before when there were dollars in circulation. If Mr. Needy comes in for a loan, I will have him sign a promissory note like before when there were dollars, and this will show he promise to pay my bank back in this paper currency I am circulating. Mr. Needy will not realize that the promissory note he signs now serves as an asset to me. It is evidence of my right or claim in his property or his energy, allowing me to receive monthly payments or to foreclose on

his assets even though I had no dollars to loan him. All I can give Mr. Needy is unredeemable paper or the equivalent in numbers I can add to his ledger or account. Mr. Needy will be out there working away to collect these papers I am circulating, so he can give them to me; plus, I will add interest so he will have to work extra hard. If I didn't charge him interest, he might begin to wonder why. It is the interest that will be the main ingredient in allowing my bank to foreclose on his assets. On top of all this, I can sell his promissory note, since it has value. Any holder of the note would expect to receive paper money from Mr. Needy, or the right to his assets if he becomes insolvent.

Here's another neat idea. If I decrease the amount of deposits going into my bank by making fewer "loans" (chuckle, chuckle) which will occur if I raise interest rates, I can slow the economy down, making it more likely for me to get the borrowers' farms, ranches, houses, businesses, or cars, due to the people failing to find enough paper money in society with which to pay me according to the terms of their notes. I can create economic cycles where there are times with plenty of notes in circulation and more loans with collateral, and times with fewer notes in circulation. By making fewer loans, I can control everything. This is like taking candy from a baby.

Now if I were king, I could legitimize this system so my paper money might be better accepted inside and outside my domain, by claiming all the paper money is backed by the credit of the nation. The backing

would need to come from the value of the labor of my subjects whose names are recorded in the proper offices, and from things of value the subjects have recorded in the various recording offices, surveys of the land, and the value of businesses in the realm of my kingdom.

All these recorded things are expected to contribute in the form of taxes, of course, for the upkeep of the kingdom, for revenue for various departments of government overseeing this system, and to pay a fictitious debt that government pretends to borrow. Naturally, all of this could be handled by the printing presses putting out paper money; however, the great use of taxation is to keep the subjects working, producing for the good of the nation. As paper money goes into circulation, it is best if I take money out by way of interest payments and taxation from my subject. Not only does this keep them busy making enough to pay interest and taxes, but it helps keep the paper money from decreasing in value even more than it does. Also, it is important that much of money being created comes from me or my government in order to keep up my influence and prestige, while keeping the people appreciative of this great benevolent government supplying money to so many.

Well, you can see I have my hands full, keeping this system operating smoothly. It would be good if you kept this information under you hat, I don't know how the people would handle the truth.

3 - SUMMARY

Does the foregoing scenario truly seem beneficial to the people, or does such a system tend to create a society of servants of a system being manipulated by a few in high places where the life, liberty and happiness of the people can be affected by the whim of those in control?

In summary, if government is issuing a paper currency as legal tender and borrowing lawful dollars, then the paper currency should be redeemable for lawful dollars. If government is not borrowing lawful dollars, but merely hypothecating the assets or property of the nation, then the only debt is to the people. If a government brings in a third party bank to use in the process of issuing paper currency, it only gives the system a more valid appearance, since it matters not if no standard money of intrinsic value is being borrowed. If the government were borrowing standard money, and the people were to contribute towards the debt by way of taxes or otherwise, then the government would still be a debtor to those who are sureties.

When the government of the United States issues bonds to the Federal Reserve, and the Federal Reserve authorizes the printing of Federal Reserve Notes or adds digits to an account of the government, is there really any borrowing of anything?

It was reported by a valued source that someone sent in a request using the Freedom of Information Act to discover if any Federal Reserve Notes were being backed by her or her strawman. She received

pages of serial numbers of Federal Reserve Notes. As this Treatise is attempting to show, the “money” in circulation is based upon you or your assets. If there were gold or silver backing the “money”, then the paper should be redeemable. If the paper is not redeemable for lawful dollars, then there should be a means of settling public debts in the accounting system being utilized by the treasury. You, directly or indirectly, are the source of the paper medium representing money in circulation.

The history of the Constitution and of the country indicates that this power (paper currency, legal tender) was not intended to be exercised at all, but was *reserved to the people*.

Legal Tender Cases, 79 U.S. 457, 496 (1870)

The trifling economy of paper, as a cheaper medium, or its convenience for transmission, weighs nothing in opposition to the advantages of the precious metals... it is liable to be abused, has been, is, and forever will be abused, in every country in which it is permitted.

Thomas Jefferson to John W. Eppes, 1813

It is a cruel thought, that, when we feel ourselves standing on the firmest ground in every respect, the cursed arts of our secret enemies, combining with other causes, should effect, by depreciating

our money, what the open arms of a powerful enemy could not.

Thomas Jefferson to Richard Henry Lee, 1779

The banks... have the regulation of the safety-valves of our fortunes, and... condense and explode them at their will.

Thomas Jefferson to John Adams, 1819

Certainly no nation ever before abandoned to the avarice and jugglings of private individuals to regulate according to their own interests, the quantum of circulating medium for the nation -- to inflate, by deluges of paper, the nominal prices of property, and then to buy up that property ... Yet this is what has been done, and will be done...

Thomas Jefferson to William C. Rives, 1819

By Byron Beers

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