P.S. to the NEWS
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UNDERSTANDING MONEY AND INFLATION

"Arithmetic was never my best subject," an embarrassed Dan Rather said on the CBS Evening News when he retracted his announcement that the Census Bureau had counted a "quarter billion" Americans. In fact, the U.S. population is only 226 million.

The difficulty many intelligent Americans have with numbers is exceeded only by their inability to understand money -- how it is created, what determines its value, and why Americans are being robbed by inflation. Money represents the sweat of our brow -- yet, like the weather, everybody talks about it but nobody does anything about it.

Rep. Mary Rose Oakar (D.-OH) of Cleveland recently sent a letter to Federal Reserve Board Chairman Paul Volcker warning that, if soaring interest rates are not quickly brought under control, the new Congress will have no choice but to take immediate legislative action to review the Fed's powers. She was motivated to speak out after so many small businesses in her district were forced to file for bankruptcy because they could no longer pay a 20+ percent prime interest rate on the capital needed to stay in business.

The Federal Reserve System was invented at Jekyll Island, Georgia, in 1913 by people who successfully sold the notion that U.S. money should be issued by private corporations called Federal Reserve Banks rather than by our government. The result is that the U.S. dollar has lost 7/8ths of its value. A 1913 dollar (the year the Fed was created) is worth only 13¢ today.

When real money values are plotted on a graph, it is easy to see that inflation is accelerating like a roller coaster. The mathematicians call it a exponential curve, which means that the higher the curve rises the steeper it gets.

However, the Consumer Price Index rose ~~far more~~ faster in the 13 years from 1967 to 1980 ~~(100 to 200)~~ than it did in the 67 years from 1900 to 1967 ~~(25 to 100)~~. A projection of the curve shows that we are facing a near-zero value of our dollar in several more years.

When the Federal Reserve System was started in 1913, the national debt was $1.2 billion. It has multiplied 700 times and today is about $830 billion. When the Federal Reserve was started in 1913, the personal income tax took only $30 million out of our pockets.

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It has multiplied 5,300 times and today takes $159 billion out of our pockets.

Many Americans are under the illusion that the United States Government issues our money and that the national debt isn't important because "we owe it to ourselves." Those assumptions are false. The Federal Reserve System issues our money, and we owe much of our national debt to the Federal Reserve Banks.

Take your money out of your wallet and see for yourself. Your currency does not say "U.S. money"; it all says "Federal Reserve Note." A "note" in banking means a promise to pay a debt -- and that is exactly what our currency is.

It is easy to prove that the Federal Reserve banks are private banks, not government banks. Write a letter requiring a reply to a Federal Reserve bank. The answer will come back to you in an envelope with a postage stamp; it will not be franked "Official Government Business."

Or, look in your telephone directory: the Federal Reserve Bank is not listed under U.S. Government because it is not a government agency. It is listed with all the other nongovernment names under "F". Or, check the assessor's office and you will find that the Federal Reserve Banks pay property taxes just like private businesses and residences.

The U.S. Constitution gave Congress the power "to coin money, regulate the value thereof." But since 1913 this power has been exercised by private banks misleadingly called Federal Reserve Banks. The "System" issues "Federal Reserve Notes" and then loans them to the U.S. Government, thereby creating much of our immense national debt of $830 billion, on which the paxpayers are forced to pay exorbitant interest charges.

Abraham Lincoln once said that "The privilege of creating and issuing money is not only the supreme prerogative of government, but it is the government's greatest creative opportunity." Yet the private banking system that has exercised this privilege since 1913 has never been investigated and never even been audited.

Americans need to know in plain, simple language how our money system functions, how money and debts are created, how we are being cheated by the system that unscientifically expands and contracts the supply of borrowed Federal Reserve money, and what we can do to obtain the just money system President Lincoln tried to give us. A good up-to-date primer is a new book by engineers Theodore R. Thoren and Richard F. Warner called "The Truth in Money Book." (Truth in Money, Box 30, Chagrin Falls, OH 44022, $5.) (end)