FROM: Phyllis Schlafly

68 FAIRMOUNT, ALTON, ILLINOIS 62002 / (618) 462-5415

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WILL THE FEDERAL COURTS PREVENT MONETARY REFORM?

A Federal court in Washington, D.C., has denied a hearing to the 874 co-plaintiffs who had brought suit to question the legality of the Federal Reserve System. The reason given by the court is that the plaintiffs did not have "standing" to bring the action.

"Standing" is a bit of legal jargon which means you must have a personal stake in the outcome in order to sue in the courts. It is hard to avoid the conclusion that, in this case, the "standing" ruling was a cop out.

Among the 874 co-plaintiffs are approximately 100 businesses, a labor union, the Southern California Building Industry Association representing about 1,800 builders, and more than 700 individuals. Each of them, as well as every American individual and business, is directly affected by the actions of the Federal Reserve System and its Open Market Committee.

The Open Market Committee consists of the seven-man Board of Governors plus five presidents of regional Federal Reserve banks. Those presidents are selected by their member banks and approved by the chairman of the Federal Reserve Board, but they are not appointed by the President or confirmed by the Senate.

When one considers all the powerless and unimportant boards and commissions, as well as echelons of the Federal bureaucracy, whose members must receive Senate confirmation, it is truly amazing that the Open Market Committee, which wields vast powers over our money and economy, is accountable to no one at all.

The Committee for Monetary Reform believes that no one industry, such as the banks, should own and operate the monetary system, or even have undue influence over that system. The Committee has as its primary objective a truly independent monetary system, whether it is called "Federal Reserve" or is part of the Treasury Department.

It is clear that "the system" has forced the American public to pay for the mistakes of the big international banks. The big banks lobbied through Congress a Congressional appropriation of $8.4 billion to the International Monetary Fund so that the IMF could

transfer the funds to the bankrupt foreign creditors of the big international banks in what became known as the Big Bank Bailout of 1983.

The big international banks are also responsible for the exorbitant interest rates we have paid since Jimmy Carter first appointed Paul Volcker chairman of the Federal Reserve System. These interest rates gave record profits to the big banks while more than 31,000 businesses went bankrupt in 1983 (the same level of bankruptcies as in the big depression year of 1932).

Most American people are unaware that the 1980 Monetary Reform Act, which Paul Volcker lobbied through Congress, gave the Federal Reserve System the authority to buy the questionable loans made to Third World countries by the member banks of the Federal Reserve System. As of last summer, the Fed had bought approximately $10 billion of such loans, which adds exactly that amount to our Federal deficit.

The United States was the last country in the world to succumb to a privately owned central bank. Our unprecedented Federal deficits are increasing at a staggering rate. Yet, last year $111 billion of the deficit was merely the interest on our national debt, and it will be higher every year.

Instead of putting ourselves and our children hopelessly in debt to a privately-owned central bank called the Federal Reserve, we could simply have printed money to pay for our deficits, as Abraham Lincoln printed Greenbacks to pay for the Civil War. If we had done this, we would have no Federal debt, and the dilution of the value of our money would be only a small fraction of what it is today.

The Committee for Monetary Reform wants to awaken the American people to understand how they have been conned by a money system which is totally controlled by a tiny handful of men who are not accountable to anyone in the world -- not to Congress or the President or the American people. The Federal court is now protecting this little clique from public scrutiny, from an audit and from accountability, by the device of denying "standing" to one of the most impressive groups of co-plaintiffs ever assembled in any lawsuit.

We hope the court of appeals will reverse and give the public a close look at how the money manipulators function.