

Foundation for the Advancement of Monetary Education Fact Sheet

1. Congress has improperly delegated to the U.S. banking system a power that Congress does not have under the *Constitution*: the power to create legal-tender-irredeemable-paper-ticket/electronic-fiat-token money out of nothing. This means that our monetary system is not in accordance with the Rule of Law.
2. There is no possibility of limited government if government has easy access to unlimited money created out of nothing.
3. There is no relationship between the dollar mentioned in our *Constitution* and Federal Reserve Notes (which are not notes) that are masquerading as “dollars.”
4. Since 1946, on a base of about \$150 billion, the U.S. banking system has created \$9.4 trillion. About \$700 billion was created by the Federal Reserve, and the balance, about \$8.7 trillion, was created by private companies, banks. Why should private companies be empowered to create money?
5. Because there is no longer any market-based self-correcting mechanism, what in the sciences is called a negative feedback loop, on increasing financial leverage, our monetary system will absolutely blow up.
6. According to the Bank for International Settlements, banks have entered into about \$300 *trillion* in derivative bets, and increasing; the U.S. now has about \$36 *trillion* in aggregate debt, and increasing. The counterparty for much of this is the so-called “lender of last resort” at the Federal Reserve. Mr. Greenspan has been explicit that the Federal Reserve stands ready to create money, in his exact words, “without limit,” should the need arise, in the Federal Reserve’s sole discretion. Creating money out of nothing depreciates “dollars” that exist and those that have been promised for future payment, e.g., pensions. This cheats savers, seniors, and ordinary people everywhere. Why should we have money that depreciates?
7. As irredeemable-paper-ticket/electronic-fiat-token money out of nothing depreciates, the Bureau of Labor Statistics has camouflaged the result by manipulating the so-called “Consumer Price Index,” an arbitrary figure of merit whose calculation Bill Gross, who runs PIMCO, the largest fixed asset management company on the planet, wrote, “is near fraudulent.”
8. Our monetary system is a fraud on the people. It continues because of material omissions, misrepresentations, and coercion (legal tender, about which Salmon Chase wrote, when he was the Chief Justice of the Supreme Court, “is only valuable for the purposes of dishonesty.”).
9. Congress has granted to the U.S. banking system what was referred to in the 19th century as “special privilege,” the ability to employ the coercive power of government, a.k.a. the police power, to gain advantage over ordinary citizens. The notion of special privilege has always been repugnant to the American sense. Among other perversions, ordinary citizens guarantee the balance sheet of the U.S. banking system: its assets are protected systemically by the Federal Reserve’s so-called “lender of last resort” facility, and its liabilities are protected at the micro level by so-called Federal Deposit Insurance, which is not insurance. Mr. Greenspan has properly referred to these protections as a “subsidy.” Why should ordinary taxpayers subsidize banks?

10. The Federal Reserve, as described by Paul Volcker, former Chairman of the Board of Governors, has engaged in *prima facie* fraud. No one in Congress (or anywhere) has called it to account.
11. Military power depends on the strength of a nation's industrial base. As a direct result of our fraudulent monetary system, the U.S. has been exporting strategic capital goods in return for consumer goods. Millions of jobs, manufacturing infrastructure, and know-how have been lost. This weakens U.S. national security and is akin to national suicide.
12. The financial sector has profited unfathomably from the above: As our banking system created \$7.5 trillion flat out of nothing since 1980/1981, the market capitalization of the financial sector component of the S&P500 has grown from \$50 billion to \$2.3 trillion. Financial sector profits now comprise nearly 43% of all corporate profits, according to the National Income Product Accounts. U.S. banks and NYSE member firms now take out of the economy \$600 billion per year, just for moving paper around. This represents massive wealth transfer from mostly ordinary working people to the financial sector. It would not be possible if we had an honest monetary system and adhered to the *Constitution*.
13. The financial sector has a conflict of interests with everyone else. Manufacturers and ordinary people everywhere want interest rate and foreign exchange rate *stability*. Because so much of its profits come from "trading," the financial sector wants *volatility*. Tragically, the structure of our monetary system has been left to financial people, and they have rigged that structure to their own benefit to the detriment of everyone else.
14. "Dollars," or anything denominated in "dollars," do not constitute wealth. They are merely a *potential* claim on wealth. Because of ongoing money creation by our banking system, "dollars" will continue to depreciate, at some point precipitously. Ongoing dilution, and eventual worthlessness, of "dollars" puts the lie to president Bush's "ownership society," "private accounts" of all genres, and will most likely cause a regime change that will destroy the party then in power for a generation or more.
15. FAME calls for all of the monetary issues to be revisited, especially the role of gold. We want full disclosure of all material information, an end to the misrepresentations, and an end to coercion (repeal legal tender and the provision in the IMF's *Articles of Agreement*, Section 4-2b, which prohibits member nations from linking their currencies to gold and only to gold). This review should be done first by industrial companies and labor. Then, the financial sector can be heard from. Most important, the agenda should focus on morality, not that which has degenerated into what is called "economics."

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CONTACT INFORMATION

Larry Parks
Executive Director

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|--------------------------------|--------------------------------|
| FAME, 501(c) (3) | Phone: (212) 818-1206 |
| PO Box 625, FDR Station | Fax: (212) 818-1197 |
| New York, NY 10150-0625 | E-mail: Lparks@Fame.org |

www.fame.org

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Foundation for the Advancement of Monetary Education, 501(c)(3)
Box 625, FDR Station, New York, NY 10150-0625
Phone (212) 818-1206 • Fax (212) 754-6543
E-mail Join@FAME.org
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