

# **POSITION PAPER**

## **ABOLISH THE FEDERAL RESERVE BOARD**

**By: John W. Wallace**

**In Article I, Section 8 of the U.S. Constitution, the people of the United States granted Congress the power "to coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures." The people never gave congress the constitutional power to delegate this money-creating and regulating responsibility to any private group. Yet this is exactly what the Federal Reserve Act of 1913 did. The bill was publicly promoted as a plan to reform the nation's monetary system and stabilize the currency by taking control of it out of the hands of big bankers. In reality, of course, the Federal Reserve Act was written by the big bankers for the purpose of solidifying their control over our currency.**

**Many Americans today wrongfully believe that the Federal Reserve is somehow part of the federal government, possibly even the Treasury Department. Many do not know that the Federal Reserve is actually a cartel of private banks that was given the power to be the sole issuer of U.S. money, with full control over its quantity and thus its value. Since this group of private bankers (the Fed) provides credit to the U.S. government when we spend money we don't have, the Fed also is able to profit handsomely from the ever-increasing national debt. Because the Fed makes more money when the country goes deeper into debt, there is no incentive for the Fed to support any reductions in federal deficit spending. The more credit we need, the more money this cartel of private banks will make.**

**The actions the Federal Reserve Board takes can drastically affect the economy simply by making decisions about the money supply and interest rates. The president, congress, big business, investors, home buyers and anyone else with an interest in our economy waits with baited breath every time the Federal Reserve Board meets. If these elite private bankers decide to raise interest rates, politicians and industries could fall, homes might not be purchased and jobs could be lost. If the Fed decides to lower the interest rates, politicians, industries, investors and consumers may prosper. There is too much power vested in a handful of people whose names would not be recognized by most Americans.**

**Why do we allow such a small group of people on the Federal Reserve Board to wield so much power over our country's economic well-being? As average Americans strive to earn a living, cope with rising costs of food, fuel and hopefully save or invest for the future, Congress and the Federal Reserve Board are working insidiously against them. On a daily basis, every dollar they have is being devalued.**

**Even though most Americans seem unaware of the current plight of the US dollar, especially in relation to the Euro, there is definitely a dollar crisis in the world economy because of the immense size of the international debt of America.**

**America has now become the largest debtor in world history, owing somewhere between \$70 and \$100 Trillion. The reckless deficit spending by our government, coupled with Federal Reserve Board currency devaluation, has become one of the greatest threats facing America today. Because Congress is routinely spending more than it can tax or borrow and the Fed is routinely printing “Fiat Money” (Dollars backed by nothing) out of thin air to make up the difference, this classic “one-two punch” threatens to further destroy the value of our dollars.**

**The actions of both major political parties would seem to indicate that they want the Fed to print more “Fiat Money” to support their extravagant and unchecked spending habits. Most politicians want the printing presses to run faster and faster, create more credit, issue rebate checks, etc., so that the economy will somehow be magically healed by this dangerous financial potion, or so they believe. The President and members of Congress may love a system that generates more and more money for their special interest projects and earmarks, but the rest of us have good reason to be concerned about our monetary system and the future value of our American dollars.**

**Issuing “Fiat Money” has allowed our government to live well beyond its means, but that practice cannot continue much longer as it is slowly destroying the value of our dollars. History shows us that when the destruction of monetary value becomes rampant, as the actions of our congress and the Fed would indicate, nearly everyone suffers and both the economic and political structure becomes unstable. The Federal Reserve System has been the tool used by the major bankers to allow them to gain control over the smaller regional and local banks. The Fed has also acted as the financing agency for Congress' unprecedented deficit spending on an ever growing, more intrusive federal bureaucracy and the expansion of the welfare state. Some people believe that the private bankers in the Federal Reserve wield so much power that they can intentionally manipulate the economy in order to influence the results of our presidential elections.**

**Our government and the American people do not need the help of any private banking cartel to manage our monetary system. We need to repeal the Federal Reserve Act and return control of our currency to Congress where it belongs, as was the intent of our Founders. We also need to have a serious national discussion about how real currency reform can be achieved. As long as the private bankers that make up the Federal Reserve Board have control over our nation's money, Congress' control of the purse-strings will not have the benefits the country's Founders intended.**

**I support legislation introduced by Congressman Ron Paul, of Texas, entitled “Federal Reserve Board Abolition Act that will restore financial stability to America's economy by abolishing the Federal Reserve Board.**

**For more information about John W. Wallace, or to find out about his positions on other issues, please go to: [www.TeaPartyRep.com](http://www.TeaPartyRep.com)**