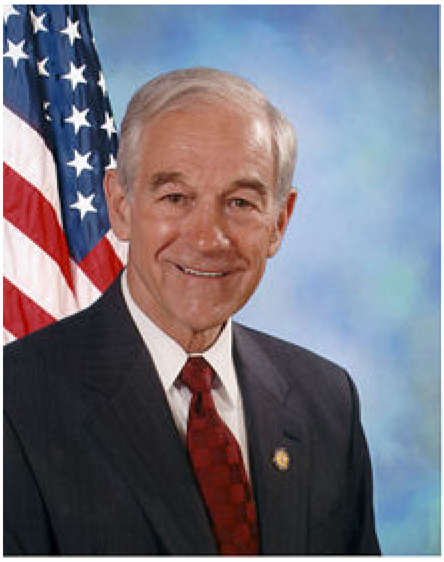
Fed Backers Scared by Ron Paul's Audit Bill



There are obviously some who don't want the American people to know what the Fed has been doing ever since it was launched in 1913.

Secrecy, of course, is completely anathema in a free country. Especially should the Fed and the powerful few who lead it be heavily scrutinized. Fed action controls the value of the dollar, and everyone in this nation who uses dollars — all but infants — is victimized when their value is eroded.

In the Senate, a companion bill (S. 604) authored by Senator Jim DeMint of South Carolina has attracted some cosponsors and has already been blocked from consideration by Democrats through use of a questionable parliamentary procedure. But DeMint hasn't given up. The heat is on and it is growing in intensity.

On July 15, therefore, more than 250 economists, academicians, and investment bankers signed an Open Letter to Congress and the Executive Branch claiming that "the independence of U.S. monetary policy is at risk" because of the rising clamor for an audit at the Fed. Their letter touts the nation's monetary manager as the necessary "foundation of U.S. economic stability." It takes some real chutzpah to make such an assertion at a time when even half-alert Americans know that the nation is hardly experiencing economic stability.

The letter claims that the Fed is "essential for controlling inflation," relying as usual on the falsehood that inflation is rising prices when the truth is that rising prices are the result of the Fed flooding the nation with freshly created currency. On November 26, 2008, the lead article on page 1 of the *New York Times* stated that the Fed and the U.S. Treasury "would print as much money as needed" to create $800 million in new lending. Those dollars take on value by stealing a portion of the worth of all existing dollars. This is inflation pure and simple.

On March 9, 2009, another lead article on the front page of the *New York Times* announced that the "Fed Will Inject $1 Trillion More To Aid Economy." This article pointed to a plan that would see the Fed "creating vast new sums of money out of thin air." More erosion of the dollar's value! During its life, the Fed that was created in 1913 has presided over the loss of 95 percent of the dollar's value.

Who benefits from the clever form of thievery that is inflation? An audit would tell us. Congressman Paul wonders if the recent posting of huge profits at Goldman Sachs might have resulted from that Wall Street megabank being in bed with the Fed. He'd like to know, and so would 270 members of the House and millions of alert Americans. But the Open Letter says, "When the Federal Reserve judges it time to begin tightening monetary conditions, it must be allowed to do so without interference." Doesn't this sound like something is being hidden? It obviously sounds precisely that way to an increasing number in Congress and across the nation.

Signers of the Open Letter included two former Fed governors, Laurence Meyer and Frederic Mishkin. Three Nobel Economics Prize winners — Daniel McFadden, Robert Merton, and Eric Maskin — put their names to it as did several university presidents and a host of economics professors from Ivy League institutions and other bastions of liberalism. The names of officials from J.P. Morgan Chase, Wells Fargo, Morgan Stanley, Commerica, Deutsche Bank, Dresdner Kleinwort, and even Ford Motor Company can also be found on the letter.

The Fed arose from a highly secret meeting held at Jekyll Island, Georgia, in 1910. The main author of what became the bill to establish the Fed was German-born Paul Warburg, an agent of the Europe's Rothschild banking empire. The measure was guided through Congress by President Wilson's guru Edward Mandell House, the man who stated in his own 1912 book that he was working for "socialism as dreamed of by Karl Marx."

A quick look at Marx's *Communist Manifesto* shows that House's mentor was indeed Karl Marx, who called for "centralization of credit in the hands of the State, by means of a national bank with State capital and an exclusive monopoly." That's the Fed, except that what we have here in the United States actually out-Marxes Marx. Karl Marx, the hero of all communists and socialists, wanted the national bank "in the hands of the State." The Fed is a private organization and has never been part of the U.S. government. It decides monetary policy and manages the U.S. currency. If our nation would revert to gold, silver, or some other valuable commodity as money, there would be no need for management. The free enterprise system, the marketplace, would do the managing. Management of commodities, money included, is the hallmark of a totalitarian system.

House Speaker Nancy Pelosi could bring H.R. 1207 to the floor for a vote at any time. Don't count on it. President Obama could let it be known that he wants "transparency" at the Fed, something that could be accomplished with an audit. But Obama's largest donor during his run for the presidency happened to be Goldman Sachs. Would the president want his benefactor's relationship with the Fed made known?

Ron Paul fears a watered-down measure that will accomplish very little while protecting the Fed from the kind of investigation of its operations that could easily result in a growing cry to have it abolished. Meanwhile, more Americans every day are learning about the Fed, about inflation, and about what must be done to protect our nation's independence and the freedoms of all Americans. And this is a very good development.