



Written by [John F. McManus](#) on February 13, 2019

Federal Reserve Still Operates in the Dark

The Federal Reserve celebrated its 100th anniversary in 2013. The hope of many Americans that its numerous secrets would be bared wasn't realized.

It would come as a surprise to many Americans to know that elected officials who delight in probing nearly everything have never fully probed the Federal Reserve for the benefit of the American people. Sad to say, even more Americans neither care about nor know anything about the organization that continuously affects the value of their money and their very lives.



The Fed, of course, is the creator and issuer of our nation's money. Designed in 1910 by seven bankers who met in deep secrecy at Jekyll Island, Georgia, it has always operated independently of government and can point to numerous self-promoting experts who insist that its independence is absolutely necessary.

But the Fed has replaced U.S. Treasury-issued currency that had gold and silver backing. For many recent years, the money used by Americans — and by numerous foreigners — has been backed by nothing. In other words, Federal Reserve money is fiat money whose steady decline in value is recognized by most economists and politicians and by the general public.

Our nation had U.S. Treasury-issued paper money when the Fed came into existence. A \$50 U.S. Treasury note actually carried the promise that it could be redeemed for "fifty dollars in gold coin." Likewise, a 20 or a 100 dollar Treasury note carried the identical guarantee. This was the finest paper money the world had ever seen. But in 1933, President Franklin Roosevelt forbade citizen ownership of gold; Congress went along; and obtaining gold for paper money was no longer possible.

Nevertheless, Americans still had silver backed currency until its promise to be exchangeable for silver was abolished in 1971 during the presidency of Richard Nixon. Now we are left with completely unbacked Federal Reserve paper currency whose value steadily evaporates whenever the Fed issues additional billions. The Fed has also been given power to establish interest rates for borrowing.

This powerful organization has been awarded illicit power to create money out of nothing. It does so regularly with no congressional interference. It is the engine of inflation (properly defined as an increase in the amount of currency that robs existing currency of some of its value). It has presided over the weakening of the value of every dollar from a worth of 100 cents in 1913 to less than two cents today. All the while, people are led to believe inflation is the condition of rising prices. Not so! Inflation is and always has been thievery of the people's wealth by a slick process that blames someone else with a parade of lies.

Led by recently retired Congressman Ron Paul, Congress has unsuccessfully tried to enact a law requiring an audit of the Fed conducted by the U.S. Comptroller General. Fed partisans, including many bought-and-paid-for economists, scream about the need for the Fed to be "independent." Substitute the



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word “secret” and you have what these charlatans are screaming to retain. And the American people continue to be the victims of a process that sees their money and their financial holdings lose value while they are also subjected to Fed-created booms and busts.

Thus far only a partial audit has been done, but happily, pressure continues to have a proper government agency conduct a full audit of the Fed. On January 3, 2019, Representative Thomas Massie (R-Ky.) filed H.R. 24 entitled “The Federal Reserve Transparency Act of 2019.” 67 fellow members of the House are already listed as co-sponsors of this important measure that would force many Fed secrets into the open.

In the Senate, a measure using the identical name and containing the same language as the House version has been designated S. 148. Filed by Senator Rand Paul (R-Ky.), it immediately gained seven co-sponsors.

More sponsors are needed. And that’s where ordinary Americans can do themselves and their nation a huge favor. All are encouraged to contact their House representative and their two senators to ask each to co-sponsor the appropriate measure. The Federal Reserve must not be permitted to keep eroding the value of America’s money. The time for transparency, always needed, is needed more every day.

John F. McManus is president emeritus of [The John Birch Society](#).



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