

## **The Federal Reserve as a Public Swindle**

Arthur & Fiona Cristian write:

This text is from a booklet, published before zip codes, entitled "Congressman Louis T. McFadden on the Federal Reserve Corporation: Remarks in Congress, 1934". It is merger of two different speeches, one in 1932 and another, given after FDR became president. It was released by The Forum Publishing Company of Boston, Massachusetts. Facsimile or Text of the original 1932 speech from the Congressional Record.

On May 23, 1933, Congressman, Louis T. McFadden, brought formal charges against the Board of Governors of the Federal Reserve Bank system, The Comptroller of the Currency and the Secretary of United States Treasury for numerous criminal acts, including but not limited to, CONSPIRACY, FRAUD, UNLAWFUL CONVERSION, AND TREASON. The petition for Articles of Impeachment as thereafter referred to the Judiciary Committee and has YET TO BE ACTED ON. So, this ELECTRONIC BOOKLET should be reprinted, reposted, set up on web pages and circulated far and wide.

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Congressman McFadden on the Federal Reserve Corporation Remarks in Congress,  
1934 AN ASTOUNDING EXPOSURE

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Congressman McFadden's Speech On the Federal Reserve Corporation

Quotations from several speeches made on the Floor of the House of Representatives by the Honorable Louis T. McFadden of Pennsylvania. Mr. McFadden, due to his having served as Chairman of the Banking and Currency Committee for more than 10 years, was the best posted man on these matters in America and was in a position to speak with authority of the vast ramifications of this gigantic private credit monopoly. As Representative of a State which was among the first to declare its freedom from foreign money tyrants it is fitting that Pennsylvania, the cradle of liberty, be again given the credit for producing a son that was not afraid to hurl defiance in the face of the money-bund. Whereas Mr. McFadden was elected to the high office on both the Democratic and Republican tickets, there can be no accusation of partisanship lodged against him. Because these speeches are set out in full in the Congressional Record, they carry weight that no amount of condemnation on the part of private ind

The Federal Reserve-A Corrupt Institution

"Mr. Chairman, we have in this Country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board and the Federal Reserve Banks, hereinafter called the Fed. The Fed has cheated the Government of these United States and the people of the United States out of enough money to pay the Nation's debt. The depredations and iniquities of the Fed has cost enough money to pay the National debt several times over.

"This evil institution has impoverished and ruined the people of these United States, has bankrupted itself, and has practically bankrupted our Government. It has done this through the defects of the law under which it operates, through the maladministration of that law by the Fed and through the corrupt practices of the moneyed vultures who control it.

"Some people who think that the Federal Reserve Banks United States Government institutions. They are private monopolies which prey upon the people of these United States for the benefit of themselves and their foreign customers; foreign and domestic speculators and swindlers; and rich and predatory money lender. In that dark crew of financial pirates there are those who would cut a man's throat to get a dollar out of his pocket; there are those who send money into states to buy votes to control our legislatures; there are those who maintain International propaganda for the purpose of deceiving us into granting of new concessions which will permit them to cover up their past misdeeds and set again in motion their gigantic train of crime.

"These twelve private credit monopolies were deceitfully and disloyally foisted upon this Country by the bankers who came here from Europe and repaid us our hospitality by undermining our American institutions. Those bankers took money out of this Country to finance Japan in a war against Russia. They created a reign of terror in Russia with our money in order to help that war along. They instigated the separate peace between Germany and Russia, and thus drove a wedge between the allies in World War. They financed Trotsky's passage from New York to Russia so that he might assist in the destruction of the Russian Empire. They fomented and instigated the Russian Revolution, and placed a large fund of American dollars at Trotsky's disposal in one of their branch banks in Sweden so that through him Russian homes might be thoroughly broken up and Russian children flung far and wide from their natural protectors. They have since begun breaking up of American homes and the dispersal of Amer

"In 1912 the National Monetary Association, under the chairmanship of the late Senator Nelson W. Aldrich, made a report and presented a vicious bill called the National Reserve Association bill. This bill is usually spoken of as the Aldrich bill. Senator Aldrich did not write the Aldrich bill. He was the tool, if not the accomplice, of the European bankers who for nearly twenty years had been scheming to set up a central bank in this Country and who in 1912 has spent and were continuing to spend vast sums of money to accomplish their purpose.

"We were opposed to the Aldrich plan for a central bank. The men who rule the Democratic Party then promised the people that if they were returned to power there would be no central bank established here while they held the reigns of government. Thirteen months later that promise was broken, and the Wilson administration, under the tutelage of those sinister Wall Street figures who stood behind Colonel House, established here in our free Country the worm-eaten monarchical institution of the "King's Bank" to control us from the top downward, and from the cradle to the grave.

"The Federal Reserve Bank destroyed our old and characteristic way of doing business. It discriminated against our 1-name commercial paper, the finest in the world, and it set up the antiquated 2-name paper, which is the present curse of this Country and which wrecked every country which has ever given it scope; it fastened

down upon the Country the very tyranny from which the framers of the Constitution sought to save us.

#### PRESIDENT JACKSON'S TIME

"One of the greatest battles for the preservation of this Republic was fought out here in Jackson's time; when the second Bank of the United States, founded on the same false principles of those which are here exemplified in the Fed was hurled out of existence. After that, in 1837, the Country was warned against the dangers that might ensue if the predatory interests after being cast out should come back in disguise and unite themselves to the Executive and through him acquire control of the Government. That is what the predatory interests did when they came back in the livery of hypocrisy and under false pretenses obtained the passage of the Fed.

"The danger that the Country was warned against came upon us and is shown in the long train of horrors attendant upon the affairs of the traitorous and dishonest Fed. Look around you when you leave this Chamber and you will see evidences of it in all sides. This is an era of misery and for the conditions that caused that misery, the Fed are fully liable. This is an era of financed crime and in the financing of crime the Fed does not play the part of a disinterested spectator.

"It has been said that the draughtsman who was employed to write the text of the Aldrich bill because that had been drawn up by lawyers, by acceptance bankers of European origin in New York. It was a copy, in general a translation of the statutes of the Reichsbank and other European central banks. One-half million dollars was spent on the part of the propaganda organized by these bankers for the purpose of misleading public opinion and giving Congress the impression that there was an overwhelming popular demand for it and the kind of currency that goes with it, namely, an asset currency based on human debts and obligations. Dr. H. Parker Willis had been employed by Wall Street and propagandists, and when the Aldrich measure failed- he obtained employment with Carter Glass, to assist in drawing the banking bill for the Wilson administration. He appropriated the text of the Aldrich bill. There is no secret about it. The text of the Federal Reserve Act was tainted from the first.

"A few days before the bill came to a vote, Senator Henry Cabot Lodge, of Massachusetts, wrote to Senator John W. Weeks as follows:

New York City, December 17, 1913

"My Dear Senator Weeks:

"Throughout my public life I have supported all measures designed to take the Government out of the banking business. This bill puts the Government into the banking business as never before in our history. "The powers vested in the Federal Reserve Board seem to me highly dangerous especially where there is political control of the Board. I should be sorry to hold stock in a bank subject to such dominations. The bill as it stands seems to me to open the way to a vast inflation of the currency. "I had hoped to support this bill, but I cannot vote for it cause it seems to me to contain features and to rest upon principles in the highest degree menacing to our prosperity, to stability in business, and to the general welfare of the people of the United States.

Very Truly Yours, Henry Cabot Lodge."

"In eighteen years that have passed since Senator Lodge wrote that letter of warning all of his predictions have come true. The Government is in the banking business as never before. Against its will it has been made the backer of horse thieves and card sharps, bootlegger's smugglers, speculators, and swindlers in all parts of the world. Through the Fed the riffraff of every country is operating on the public credit of the United States Government. THE GREAT DEPRESSION

"Meanwhile and on account of it, we ourselves are in the midst of the greatest depression we have ever known. From the Atlantic to the Pacific, our Country has been ravaged and laid waste by the evil practices of the Fed and the interests which control them. At no time in our history, has the general welfare of the people been at a lower level or the minds of the people so full of despair.

"Recently in one of our States, 60,000 dwelling houses and farms were brought under the hammer in a single day. 71,000 houses and farms in Oakland County, Michigan, were sold and their erstwhile owners dispossessed. The people who have thus been driven out are the wastage of the Fed. They are the victims of the Fed. Their children are the new slaves of the auction blocks in the revival of the institution of human slavery.

#### The Scheme of the Fed

"In 1913, before the Senate Banking and Currency Committee, Mr. Alexander Lassen made the following statement: "The whole scheme of the Fed with its commercial paper is an impractical, cumbersome machinery- is simply a cover to secure the privilege of issuing money, and to evade payment of as much tax upon circulation as possible and then control the issue and maintain, instead of reducing interest rates. It will prove to the advantage of the few and the detriment of the people. It will mean continued shortage of actual money and further extension of credits, for when there is a shortage of money people have to borrow to their cost.' "A few days before the Fed passed, Senator Root denounced the Fed as an outrage on our liberties. He predicted: 'Long before we wake up from our dream of prosperity through an inflated currency, our gold- which alone could have kept us from catastrophe- will have vanished and no rate of interest will tempt it to return.'

"If ever a prophecy came true, that one did. "The Fed became law the day before Christmas Eve, in the year 1913, and shortly afterwards, the German International bankers, Kuhn, Loeb and Co. sent one of their partners here to run it.

"The Fed Note is essentially unsound. It is the worst currency and the most dangerous that this Country has ever known. When the proponents of the act saw that the Democratic doctrine would not permit them to let the proposed banks issue the new currency as bank notes, they should have stopped at that. They should not have foisted that kind of currency, namely, an asset currency, on the United States Government. They should not have made the Government [liable on the private] debts of individuals and corporations, and, least of all, on the private debts of foreigners. "As Kemerer says: 'The Fed Notes, therefore, in form, have some of the qualities of

Government paper money, but in substance, are almost a pure asset currency possessing a Government guarantee against which contingency the Government has made no provision whatever.'

"Hon. L. J. Hill, a former member of the House, said, and truly: "They are obligations of the Government for which the United States received nothing and for the payment of which at any time, it assumes the responsibility: looking to the Fed to recoup itself.'

"If this United States is to redeem the Fed Notes, when the General Public finds it costs to deliver this paper to the Fed, and if the Government has made no provisions for redeeming them, the first element of unsoundness is not far to seek.

"Before the Banking and Currency Committee, when the bill was under discussion Mr. Crozier of Cincinnati said: 'The imperial power of elasticity of the public currency is wielded exclusively by the central corporations owned by the banks. This is a life and death power over all local banks and all business. It can be used to create or destroy prosperity, to ward off or cause stringencies and panics. By making money artificially scarce, interest rates throughout the Country can be arbitrarily raised and the bank tax on all business and cost of living increased for the profit of the banks owning these regional central banks, and without the slightest benefit to the people. The 12 Corporations together cover y and monopolize and use for private gain- every dollar of the public currency and all public revenue of the United States. Not a dollar can be put into circulation among the people by their Government, without the consent of and on terms fixed by these 12 private money trusts.'

"In defiance of this and all other warnings, the proponents of the Fed created the 12 private credit corporations and gave them an absolute monopoly of the currency of these United States- not of the Fed Notes alone- but of all other currency! The Fed Act providing ways and means by which the gold and general currency in the hands of the American people could be obtained by the Fed in exchange for Fed Notes- which are not money- but mere promises to pay.

"Since the evil day when this was done, the initial monopoly has been extended by vicious amendments to the Fed and by the unlawful and treasonable practices of the Fed.

#### Money for the Scottish Distillers

"Mr. Chairman, if a Scottish distiller wishes to send a cargo of Scotch whiskey to these United States, he can draw his bill against the purchasing bootlegger in dollars and after the bootlegger has accepted it by writing his name across the face of it, the Scotch distiller can send that bill to the nefarious open discount market in New York City where the Fed will buy it and use it as collateral for a new issue of Fed Notes. Thus the Government of these United States pay the Scotch distiller for the whiskey before it is shipped, and if it is lost on the way, or if the Coast Guard seizes it and destroys it, the Fed simply write off the loss and the government never recovers the money that was paid to the Scotch distiller.

"While we are attempting to enforce prohibition here, the Fed are in the distillery business in Europe and paying bootlegger bills with public credit of these United

States. "Mr. Chairman, by the same process, they compel our Government to pay the German brewer for his beer. Why should the Fed be permitted to finance the brewing industry in Germany either in this way or as they do by compelling small and fearful United States Banks to take stock in the Isenbeck Brewery and in the German Bank for brewing industries? "Mr. Chairman, if Dynamit Nobel of Germany, wishes to sell dynamite in Japan to use in Manchuria or elsewhere, it can draw its bill against the Japanese customers in dollars and send that bill to the nefarious open discount market in New York City where the Fed will buy it and use it as collateral for a new issue of Fed Notes- while at the same time the Fed will be helping Dynamit Nobel by stuffing its stock into the United States banking system.

"Why should we send our representatives to the disarmament conference at Geneva- while the Fed is making our Government pay Japanese debts to German Munitions makers?

"Mr. Chairman, if a German wishes to raise a crop of beans and sell them to a Japanese customer, he can draw a bill against his prospective Japanese customer in dollars and have it purchased by the Fed and get the money out of this Country at the expense of the American people before he has even planted the beans in the ground. "Mr. Chairman, if a German in Germany wishes to export goods to South America, or any other Country, he can draw his bill against his customers and send it to these United States and get the money out of this Country before he ships, or even manufactures the goods.

"Mr. Chairman, why should the currency of these United States be issued on the strength of German Beer? Why should it be issued on the crop of unplanted beans to be grown in Chili for Japanese consumption? Why should these United States be compelled to issue many billions of dollars every year to pay the debts of one foreigner to another foreigner? "Was it for this that our National Bank depositors had their money taken out of our banks and shipped abroad? Was it for this that they had to lose it? Why should the public credit of these United States and likewise money belonging to our National Bank depositors be used to support foreign brewers, narcotic drug vendors, whiskey distillers, wig makes, human hair merchants, Chilean bean growers, to finance the munition factories of Germany and Soviet Russia?

#### THE UNITED STATES HAS BEEN RANSACKED

"The United States has been ransacked and pillaged. Our structures have been gutted and only the walls are left standing. While being perpetrated, everything the world would rake up to sell us was brought in here at our expense by the Fed until our markets were swamped with unneeded and unwanted imported goods priced far above their value and make to equal the dollar volume of our honest exports, and to kill or reduce our favorite balance of trade. As Agents of the foreign central banks the Fed try by every means in their power to reduce our favorable balance of trade. They act for their foreign principal and they accept fees from foreigners for acting against the best interests of these United States. Naturally there has been great competition among among foreigners for the favors of the Fed.

"What we need to do is to send the reserves of our National Banks home to the people who earned and produced them and who still own them and to the banks which were compelled to surrender them to predatory interests.

"Mr. Chairman, there is nothing like the Fed pool of confiscated bank deposits in the world. It is a public trough of American wealth in which the foreigners claim rights, equal to or greater than Americans. The Fed are the agents of the foreign central banks. They use our bank depositors' money for the benefit of their foreign principals. They barter the public credit of the United States Government and hire it out to foreigners at a profit to themselves.

"All this is done at the expense of the United States Government, and at a sickening loss to the American people. Only our great wealth enabled us to stand the drain of it as long as we did.

"We need to destroy the Fed wherein our national reserves are impounded for the benefit of the foreigners. "We need to save America for Americans.

#### SPURIOUS SECURITIES

"Mr. Chairman, when you hold a \$10.00 Fed Note in your hand, you are holding a piece of paper which sooner or later is going to cost the United States Government \$10.00 in gold (unless the Government is obliged to go off the gold standard). It is based on limburger cheese (reported to be in foreign warehouses) or in cans purported to contain peas (but may contain salt water instead), or horse meat, illicit drugs, bootleggers' fancies, rags and bones from Soviet Russia (of which these United States imported over a million dollars worth last year), on wines, whiskey, natural gas, goat and dog fur, garlic on the string, and Bombay ducks.

"If you like to have paper money- which is secured by such commodities- you have it in Fed Note. If you desire to obtain the thing of value upon which this paper currency is based, that is, the limburger cheese, the whiskey, the illicit drugs, or any of the other staples- you will have a very hard time finding them.

"Many of these worshipful commodities are in foreign Countries. Are you going to Germany to inspect her warehouses to see if the specified things of value are there? I think more, I do not think that you would find them there if you did go.

"On April 27, 1932, the Fed outfit sent \$750,000 belonging to American bank depositors in gold to Germany. A week later another \$300,000 in gold was shipped to Germany. About the middle of May \$12,000,000 in gold was shipped to Germany by the Fed. Almost every week there is a shipment of gold to Germany. These shipments are not made for profit on the exchange since the German marks are below parity with the dollar.

"Mr. Chairman, I believe that the National Bank depositors of these United States have a right to know what the Fed are doing with their money. There are millions of National Bank depositors in the Country who do not know that a percentage of every dollar they deposit in a Member Bank of the Fed goes automatically to American Agents of the foreign banks and that all their deposits can be paid away to foreigners

without their knowledge or consent by the crooked machinery of the Fed and the questionable practices of the Fed.

[Ed. Note- Problem with next paragraph in original] "Mr. Chairman, the American people should be told the truth by their servants in office. In 1930, we had over a half billion dollars outstanding daily to finance foreign goods stored in or shipped between several billion billion dollars. What goods are these on which the Fed yearly pledge several billions of dollars. In its yearly total, this item amounts to several billions of dollars of the public credit of these United States?

"What goods are those which are hidden in European and Asiatic stores have not been seen by any officer of our Government but which are being financed on the public credit of the United States Government? What goods are those upon which the 17 United States Government is being obligated by the Fed to issue Fed Notes to the extent of several billions of dollars a year?

#### The Bankers' Acceptance Racket

"The Fed have been International Banks from the beginning, with these United States as their enforced banker and supplier of currency. But it is none the less extraordinary to see these these twelve private credit monopolies, buying the debts of foreigners against foreigners, in all parts of the world and asking the Government of these United States for new issues of Fed notes in exchange for them. "The magnitude of the acceptance racket as it has been developed by the Fed, their foreign correspondents, and the predatory European born bankers, who set up the Fed here and taught your own, by and of pirates, how to loot the people: I say the magnitude of this racket is estimated to be in the neighborhood of 9,000,000,000 per year. In the past ten years it is said to have amounted to \$90,000,000,000.00. In my opinion it has amounted to several times that much. coupled to this you have to the extent of billions of dollars, the gambling in the United States securities, which takes place i

"Fed Notes are taken from the U. S. Government in unlimited quantities. Is it strange that the burden of supplying these immense sums of money to the gambling fraternity has at last proved too heavy for the American people to endure? Would it not be a national [calamity to] again bind down this burden on the backs of the American people and by means of a long rawhide whip of the credit masters, compel them to enter another seventeen years of slavery?

"They are trying to do that now. They are trying to take \$100,000,000.00 of the public credit of the United States every week, in addition to all their other seizures and they are sending that money to the nefarious open market in a desperate gamble to reestablish their graft as a going concern.

"They are putting the United States Government in debt to the extent of \$100,000,000 a week, and with the money they are buying our Government securities for themselves and their foreign principals. Our people are disgusted with the experiences of the Fed. The Fed is not producing a loaf of bread, a yard of cloth, a bushel of corn, or a pile of cordwood by its check-kiting operations in the money market.



"Mr. Speaker, on the 13th of January of this year I addressed the House on the subject of the Reconstruction Finance Corporation. In the course of my remarks I made the following statement: In 1928 the member banks of the Fed borrowed \$60,598,690,000. from the Fed on their fifteen-day promissory notes. Think of it. Sixty billion dollars payable on demand in gold in the course of one single year. The actual amount of such obligations called for six times as much monetary gold as there is in the world. Such transactions represent a grant in the course of one single years of about \$7,000,000 to every member of the Fed.

"Is it any wonder that American labor which ultimately pays the cost of all banking operations of this Country has at last proved unequal to the task of supplying this huge total of cash and credit for the benefit of the stock market manipulators and foreign swindlers? "In 1933 the Fed presented the staggering amount of \$60,598,690,000 to its member banks at the expense of the wage earners and tax payers of these United States. In 1929, the year of the stock market crash, the Fed advanced \$58,000,000,000 to member banks.

"In 1930 while the speculating banks were getting out of the stock market at the expense of the general public, the Fed advanced them \$13,022,782,000. This shows that when the banks were gambling on the public credit of these United States as represented by the Fed currency they were subsidized to any amount they required by the Fed. When the swindle began to fall, the bankers knew it in advance and withdrew from the market. They got out with whole skins- and left the people of these United States to pay the piper. "My friend from Kansas, Mr. McGugin, has stated that he thought the Fed lent money on rediscounting. So they do, but they lend comparatively little that way. The real discounting that they do has been called a mere penny in the slot business. It is too slow for genuine high flyers. They discourage it. They prefer to subsidize their favorite banks by making them \$60,000,000,000 advances and they prefer to acquire assistance in the notorious open discount market in New York,

"For every dollar they advanced on discounts in 1928, they lent \$33.00 to their favorite banks for whom they do a business of several billion dollars income tax on their profits to these United States.

#### The John Law Swindle

"This is the John Law swindle over again. The theft of Teapot Dome was trifling compared to it. What King ever robbed his subject to such an extent as the Fed has robbed us? Is it any wonder that there have been lately ninety cases of starvation in one of the New York hospitals? Is there any wonder that the children are being abandoned?

"The government and the people of these United States have been swindled by swindlers deluxe to whom the acquisition of American or a parcel of Fed Notes presented no more difficulty than the drawing up of a worthless acceptance in a Country not subject to the laws of these United States, by sharpers not subject to the jurisdiction of these United States, sharpers with strong banking "fence" on this side of the water, a "fence" acting as a receiver of a worthless paper coming from abroad, endorsing it and getting the currency out of the Fed for it as quickly as possible

exchanging that currency for gold and in turn transmitting the gold to its foreign confederates.

Ivar Kreuger, the Match King!

"Such were the exploits of Ivar Krueger, Mr. Hoover's friend, and his rotten Wall Street bakers. Every dollar of the billions Kreuger and his gang drew out of this Country on acceptances was drawn from the government and the people of the United States through the Fed. The credit of the United States Government was peddled to him by the Fed for their own private gain. That is what the Fed has been doing for many years.

"They have been peddling the credit of this Government and the [signature of this] Government to the swindlers and speculators of all nations. That is what happens when a Country forsakes its Constitution and gives its sovereignty over the public currency to private interests. Give them the flag and they will sell it.

"The nature of Krueger's organized swindle and the bankrupt condition of Krueger's combine was known here last June when Hoover sought to exempt Krueger's loan to Germany of \$125,000,000 from the operation of the Hoover Moratorium. The bankrupt condition of Krueger's swindle was known here last summer when \$30,000,000 was taken from the American taxpayers by certain bankers in New York for the ostensible purpose of permitting Krueger to make a loan to Colombia. Colombia never saw that money.

"The nature of Krueger's swindle was known here in January when he visited his friend, Mr. Hoover, at the White House. It was known here in March before he went to Paris and committed suicide.

"Mr. Chairman, I think the people of the United States are entitled to know how many billions of dollars were placed at the disposal of Krueger and his gigantic combine by the Fed, and to know how much of our Government currency was issued and lost in the financing of that great swindle in the years during which the Fed took care of Krueger's requirements.

"A few days ago, the President of the United States with a white face and shaking hands, went before the Senate of behalf of the moneyed interests and asked the Senate to levy a tax on the people so that foreigners might know that these United States would pay its debt to them.

"Most Americans thought it was the other way around. What does these United States owe foreigners? When and by whom was the debt incurred? It was incurred by the Fed, when they peddled the signature of the Government to foreigners- for a Price. It is what the United States Government has to pay to redeem the obligations of the Fed.

Thieves Go Scot Free

"Are you going to let these thieves get off scot free? Is there one law for the looter who drives up to the door of the United States Treasur