

same time. The great majority of us cannot afford to invest in the precious metals. When we have a claim for money we want to turn that claim into food, clothing, services, etc. as soon as possible without going through the cumbersome and useless process of converting it into gold and silver first.

But the scarcity argument is seen in its most ridiculous light when it is remembered that it is this very scarcity which makes it possible to use gold and silver as an unchanging standard of value. If they were to become as plentiful as, say paper, they could not possibly retain their value in the eyes of the people. It is the very fact that they are scarce together with the fact that they have intrinsic worth, which preserves their value from generation to generation.

On the other hand, paper has none of the characteristics needed as a standard of value because it has no intrinsic worth. This is not to say we should not use paper as a medium of exchange to represent a claim for money. Paper is certainly convenient to use for transferring claims to gold and silver and there is nothing against using it for this purpose. Common sense dictates that we do so. There is no danger in using paper as a claim or an evidence of ownership of something of value. The great danger--and indeed the terrible harm--comes from making it irredeemable--in asserting that the paper has value rather than that it represents a claim for some commodity which has value.

The Grand Jury Finds that--

Irredeemable paper money is the fundamental cause of inflation, that this irredeemability is a violation of statutes dealing with lawful money and the money of account of the U.S. The federal reserve itself continued to publicly show its recognition of these statutes into the late 1960's by printing on its notes we used as money that they were redeemable in lawful money. Statutes and the Constitution did not change, only their printing the recognition of their still existing obligation to redeem in lawful money changed.

COUNT I

The Grand Jury Charges that:

By issuing and circulating irredeemable paper as legal tender in payment of debts the Federal Reserve Bank in this district, in concert with other Federal Reserve Banks under authority of a prior congress is compelling the states to violate that provision of the Constitution which forbids them to make "anything but gold and silver coin a tender in payment of debts."

COUNT II

The Grand Jury Charges that:

By issuing and circulating irredeemable paper money as a legal tender in payment of debts, the Federal Reserve Bank in this district, in concert with other Federal Reserve Banks is causing the states to violate that provision of the Constitution which forbids them to impair the obligations of contract.