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# The Federal Reserve Racket

By Richard Russell

6-29-8

"I still can't get over the whole Federal Reserve racket.

Consider the following - - let's take a situation where the U.S. government needs money. The U.S. doesn't just issue United States Notes, which, of course it could. These notes would be dollars backed by the full faith and credit of the United States. No, the U.S. doesn't issue dollars straight out of the U.S. Treasury.

This is what the U.S. does - - it issues Treasury Bonds. The U.S. then sells these bonds to the Fed. The Fed buys the bonds. Wait, how does the Fed pay for the bonds? The Fed simply creates money "out of thin air" (book-keeping entry) with which it buys the bonds. The money that the Fed creates from nowhere then goes to the U.S. The Fed holds the U.S. bonds, and the unbelievable irony is that the U.S. then pays interest on the very bonds that the U.S. itself issued. (With great profit to the private owners of The Fed - - Ed. Note) The mind boggles.

The damnable result is that the Fed effectively controls the U.S. money supply. The Fed is not even a branch of the U.S. government. The Fed is not mentioned in the Constitution of the United States. No Constitutional amendment was ever created or voted on to accept the Fed. The Constitutionality of the Federal Reserve has never come before the Supreme Court. The Fed is a private bank that keeps the U.S. forever in debt - - or I should say in increasing debt along with ever rising interest payments.

How did the Fed get away with this outrage? A tiny secretive group of bankers sneaked through a bill in 1913 at a time when many in Congress were absent. Those who were there and voted for the bill didn't realize (as

so often happens) what they were voting for (shades of the shameful 2002 vote to hand over to President Bush the power to decide on war with Iraq)."

Richard Russell, "Richards Remarks,"  
<<http://dowtheoryletters.com>>dowtheoryletters.com, March 27 2007

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