



Written by [T. Dan Tolleson](#) on September 3, 2010

When You Know You're Bankrupt ...

You simply can't make ends meet. You don't want to spend more than you're making, but the income is significantly smaller than the outgo. You've already tried using one credit card to pay off another — that didn't work. Now you are rapidly sinking into a sea of debt, with no relief in sight ...



What to do?

File for bankruptcy, of course! Not a happy solution to be sure, but it is still necessary to avoid even worse consequences. Go through the deeply humiliating process of exposing your wretched finances to the whole world. Then start over with a clean slate and ruined credit. And learn from your experience *never* to let this happen again.

Likewise, as a bankrupt nation, what should we do?

File for bankruptcy *now* — don't wait for total economic collapse and complete loss of sovereignty. But while filing for bankruptcy — how do we make sure that bankruptcy will never happen to us again?

Abolish the unconstitutional Federal Reserve and re-establish constitutional money. That is the only sure way to prevent a recurrence of the inflation-caused national bankruptcy we are now facing.

The Federal Reserve is a private cartel of banks that have been inflating our paper currency since World War I. According to U.S. Representative Ron Paul (R-Texas), who spoke at a John Birch Society meeting in Houston, Texas, on August 20 of this year, thanks to the Federal Reserve, our paper currency has lost 98 percent of its value — so far.

[According to Laurence Kotlikoff](#), an economist at Boston University, the total federal debt — including the officially recognized federal debt, “off-budget” spending like the two undeclared wars in the Middle East, plus all future unfunded liabilities based on spending promises and guarantees (e.g., Social Security, Medicare, Medicaid, ongoing bailouts, subsidies, taxpayer-guaranteed loans, etc.) made by our federal government — [now stands at \\$202 trillion](#)! There's no getting out of such a gargantuan fiscal hole without drastic, Constitution-based changes in our bloated federal government. Hmmm ... let's see ... *million* ... *billion* ... what comes after *trillion*? ... *quadrillion*! With the Federal Reserve making plans to ratchet up its hyperinflation of our paper currency to unprecedented levels through its euphemistic “quantitative easing,” we may soon be casually talking about quadrillions instead of trillions, which would then be treated as mere pocket change, much as billions are thought of today. What's a \$202 trillion federal debt, when our paper currency may soon be inflated into the quadrillions?

Since the establishment of the Federal Reserve in 1913, our situation has gone from bad to worse. The Federal Reserve has repeatedly inflated our paper currency, and we now face the stark choice between re-establishing constitutional money or succumbing to the agonizing catastrophe of unprecedented hyperinflation, economic collapse, and ultimately, loss of sovereignty.



Written by [T. Dan Tolleson](#) on September 3, 2010

In the broadest possible context, our choice between constitutional money and catastrophic hyperinflation is only one of the many problems we are now facing. Thanks be to God, we can solve many, if not all, of these problems by restoring America's moral and constitutional heritage.

All the way back to colonial times, our *moral* heritage has been substantially informed by the Ten Commandments, and "Thou Shalt Not Steal" effectively prohibits the Federal Reserve's inflation of our paper currency, because inflation steals part of the value of the savings of every person who relies on that currency.

With regard to our *constitutional* heritage, the Constitution does not authorize any private cartel of banks to issue paper currency, much less to inflate that currency. However, the Constitution *does* give Congress the enumerated power to "coin money," which the Founding Fathers clearly understood as the power to assay a precious metal for purity, to stamp it into coins with a specific content and purity of that precious metal, and to print commercial certificates exactly corresponding to the face value of those coins — just like any receipt. Those certificates could then be used as uninflatable, constitutional money, exchangeable on demand for the precious metal coins.

This enumerated power was first exercised in the Coinage Act of 1792, and in 1794, the U.S. Mint [struck the first silver dollars](#). Living under the laws of a constitutional republic with commerce invigorated by this uninflatable, constitutional money, most Americans enjoyed historically unprecedented liberty and prosperity — and by restoring our moral and constitutional heritage, we can enjoy even greater liberty and prosperity in the years ahead.

More and more American citizens now realize: 1) We are bankrupt already; 2) It is the Federal Reserve's inflation of our paper currency that has *enabled* this bankruptcy to occur; and 3) To solve this problem permanently, we must abolish the Federal Reserve and return to uninflatable, constitutional money.

But what procedure should we follow?

Below, quoted in its entirety, is the 16-point plan formulated by G. Edward Griffin — author of *The Creature from Jekyll Island* and expert on the Federal Reserve — to abolish the Federal Reserve and re-establish constitutional money:

(Excerpted with permission from [The Creature from Jekyll Island](#), pages 573-578.)

There are certain steps that must precede the abandonment of the Fed if we are to have a safe passage. The first step is to convert our present fiat money into real money. That means we must create an entirely new money supply which is 100% backed by precious metal — and we must do so within a reasonably short period of time. To that end, we also must establish the true value of our present fiat money so it can be exchanged for new money on a realistic basis and phased out of circulation. Here is how it can be done:

- 1. Repeal the legal-tender laws.** The federal government will continue accepting Federal Reserve Notes in the payment of taxes, but everyone else will be free to accept them, reject them, or discount them as they wish. There is no need to force people to accept honest money. Only fiat money needs the threat of imprisonment to back it up. Private institutions should be free to innovate and to compete.
- 2. Freeze the present supply of Federal Reserve Notes,** except for what will be needed in step number six.
- 3. Define the "real" dollar in terms of precious-metal content,** preferably what it was in the past:



Written by [T. Dan Tolleson](#) on September 3, 2010

371.25 grains of silver. It could be another weight of silver or even another metal, but the old silver dollar is a proven winner.

4. Establish gold as an auxiliary monetary reserve which can be substituted for silver, not at a fixed-price ratio, but at whatever ratio is set by the free market. Fixed ratios always become unfair over time as the prices of gold and silver drift relative to each other. Although gold may be substituted for silver at this ratio, it is only silver that is the foundation for the dollar.

5. Restore free coinage at the U.S. Mint and issue silver “dollars” as well as gold “pieces.” Both dollars and pieces will be defined by metal content, but only coins with silver content can be called dollars, half-dollars, quarter-dollars, or tenth-dollars (dimes). At first, these coins will be derived only from metal brought into the Mint by private parties. They must not be drawn from the Treasury’s supply which is reserved for use in step number six.

6. Pay off the national debt with Federal Reserve Notes created for that purpose. Creating money without backing is forbidden by the Constitution; however, when no one is forced by law to accept Federal Reserve Notes as legal tender, they will no longer be the official money of the United States. They will be merely a kind of government script which no one is required to accept. Their utility will be determined by their usefulness in payment of taxes and by the public’s anticipation of having them exchanged for real money at a later date. The creation of the Federal Reserve Notes, with the understanding that they are not the official money of the United States, would therefore not be a violation of the Constitution. In any event, the deed is already done. The decision to redeem government bonds with Federal Reserve Notes is not ours. Congress decided that long ago, and the course was set at the instant those bonds were issued. We are merely playing out the hand. The money *will* be created for that purpose. Our only choice is *when*: now or later. If we allow the bonds to stand, the national debt will be repudiated by inflation. The value of the original dollars will gradually be reduced to zero while only the interest remains. Everyone’s purchasing power will be destroyed, and the nation will die. But if we want *not* to repudiate the national debt and decide to pay it off *now*, we will be released from the burden of interest payments and, at the same time, prepare the way for a sound monetary system.

7. Pledge the government’s hoard of gold and silver (except the military stockpile) to be used as backing for all the Federal Reserve Notes in circulation. The denationalization of these assets is long overdue. At various times in recent history, it was illegal for Americans to own gold, and their private holdings were confiscated. The amount which was taken should be returned to the private sector as a matter of principle. The rest of the gold supply also belongs to the people, because they paid for it through taxes and inflation. The government has no use for gold or silver except to support the money supply. The time has come to give it back to the people and use it for that purpose.

8. Determine the weight of all the gold and silver owned by the U.S. government and then calculate the total value of that supply in terms of real (silver) dollars.

9. Determine the number of all the Federal Reserve Notes in circulation and then calculate the real-dollar value of each one by dividing the value of the precious metals by the number of Notes.

10. Retire all Federal Reserve Notes from circulation by offering to exchange them for dollars at the calculated ratio. There will be enough gold and silver to redeem every Federal Reserve Note in circulation.

11. Convert all contracts based on Federal Reserve Notes to dollars using the same exchange ratio. That includes the contracts called mortgages and government bonds. In that way, monetary



Written by [T. Dan Tolleson](#) on September 3, 2010

values expressed within debt obligations will be converted on the same basis and at the same time as currency.

12. Issue Silver Certificates. As the Treasury redeems Federal Reserve Notes for dollars, recipients will have the option of taking coins or Treasury Certificates which are 100% backed. These Certificates will become the new paper currency.

13. Abolish the Federal Reserve System. It would be possible to allow the System to continue as a check clearing-house so long as it did not function as a central bank. A check clearing-house will be needed, and the banks that presently own the Fed should be allowed to continue performing that service. However, they must no longer receive tax subsidies to operate, and competition must be allowed. However, the Federal Reserve System, as presently chartered by Congress, must be abolished.

14. Introduce free banking. Banks should be deregulated and, at the same time, cut loose from protection at taxpayers' expense. No more bailouts. The FDIC and other government "insurance" agencies should be phased out, and their functions turned over to real insurance companies in the private sector. Banks should be required to keep 100% reserves for demand deposits, because that is a contractual obligation. All forms of time deposits should be presented to the public exactly as CDs are today. In other words, the depositor should be fully informed that his money is invested and he will have to wait a specified time before he can have it back. Competition will insure that those institutions that best serve their customers' needs will prosper. Those that do not will fall by the wayside — without the need of an army of bank regulators.

15. Reduce the size and scope of government. No solution to our economic problems is possible under socialism. It is the author's view that the government should be limited to the protection of life, liberty, and property — nothing more. That means the elimination of almost all of the socialist-oriented programs that now infest the federal bureaucracy. If we hope to retain — or perhaps to regain — our freedom, they simply have to go. To that end, the federal government should sell all assets not directly related to its primary function of protection; it should privately sub-contract as many of its services as possible; and it should greatly reduce and simplify its taxes.

16. Restore national independence. A similar restraint must be applied at the international level. We must reverse all programs leading to disarmament and economic interdependence. The most significant step in that direction will be to *Get us out of the UN and the UN out of the US*, but that will be just the beginning. There are hundreds of treaties and administrative agreements that must be rescinded. There may be a few that are constructive and mutually beneficial to us and other nations, but the great majority of them will have to go. That is not because we are isolationist. It is simply because we want to avoid being engulfed in global tyranny.

Some will say that paying off the national debt with Federal Reserve Notes amounts to a repudiation of the debt. Not so. Accepting the old Notes for payment of taxes is not repudiation. Exchanging them for their appropriate share of the nation's gold or silver is not repudiation. Converting them straight across to a sound money with little or no loss of purchasing power is not repudiation. The only thing that would be repudiated is the old monetary system, but that was *designed* to be repudiated. The monetary and political scientists who created and sustained the Federal Reserve System never intended to repay the national debt. It has been their ticket to profit and power. Inflation is repudiation on the installment plan. The present system is a political trick, an accounting gimmick. We are merely acknowledging what it is. We are simply refusing to pretend we don't understand what they are doing to us. We are refusing to play the game any longer.



Written by [T. Dan Tolleson](#) on September 3, 2010

(End of authorized excerpt)

To obtain a copy of *The Creature from Jekyll Island*, please [click here](#).

Related articles:

[Is America Headed Toward Japanese-style Economic “Lost Decades”?](#)

[Bernanke: More Fed Stimuli if Economy Slumps](#)

[True Federal Debt \\$202 Trillion, Kotlikoff Says](#)

[Is Our National Debt Nothing to Worry About?](#)

[Fiscal Challenges: A Way Out](#)

[How Bad Will the Economy Get?](#)

[“The Ecstasy of Empire” and the Agony of Tyranny](#)



Subscribe to the New American

Get exclusive digital access to the most informative, non-partisan truthful news source for patriotic Americans!

Discover a refreshing blend of time-honored values, principles and insightful perspectives within the pages of "The New American" magazine. Delve into a world where tradition is the foundation, and exploration knows no bounds.

From politics and finance to foreign affairs, environment, culture, and technology, we bring you an unparalleled array of topics that matter most.



[Subscribe](#)

What's Included?

- 24 Issues Per Year
- Optional Print Edition
- Digital Edition Access
- Exclusive Subscriber Content
- Audio provided for all articles
- Unlimited access to past issues
- Coming Soon! Ad FREE
- 60-Day money back guarantee!
- Cancel anytime.