

Episode 1 - Warning Shot

{The right to coin money has always been and still remains the surest mark and announcement of sovereignty. -Alexander Del Mar, *History of Monetary Systems* (1895) at p. 107}

Sen. Pete Domenici: What has occurred in the meantime is something we have never experienced in American history, and that is the accumulation of surplus—of huge amounts. And I hope you will tell us whether you think this is a short-lived phenomenon or a rather permanent phenomenon that is going to be setting the American economic scene.

Fed.Res. Chmn. Alan Greenspan: And there's fairly likely a very large block of such securities out there, which we would have to pay horrendous premiums to induce the people to give up their instruments. And unless we can do that, you can't reduce the debt.

Fed.Res. Chmn. Ben Bernanke: So all that information is available in our commercial paper pro—

Sen. Bernie Sanders: And who got the money?

Bernanke: Hundreds and hundreds of banks. Any bank that has access to the U.S. Federal Reserve discount—

Sanders: Will you tell us who they are?

Bernanke: No.

Sen. Jim Bunning: What is the bottom line on AIG? Is it a trillion dollars? Is it two trillion dollars? Where is the bottom line as far as the American taxpayer is concerned? Do you have an answer for that?

Fed.Res. Vice Chmn. Kohn: I can't give you a number, Senator Bunning.

Sen. Richard Shelby: We need to know where—who benefited, where this money went. There's no transparency here. And we're gonna find out. The Fed can be—and Treasury—can be secretive for a while, but not forever.

Bank for International Settlements General Manager Agustin Carstens: For example in cash we don't know for example who's using a \$100 bill today, we don't know who is using a 1000-peso bill today. A key difference with the CBDC is that central bank will have absolute control on the rules and regulations that will

determine the use of that expression of central bank liability, and also we will have the technology to enforce that.

Welcome to BestEvidence. My name is John Titus.

This is the first episode in an eight-part series called, *The War for Bankocracy*. I am going to make the case that modern central banks are poised to clear one last remaining hurdle before dismantling rule by democratic governments and in their place establishing central bank sovereignty and central bank dominion over nations and over people in nations (in other words, rule by central bankers), certainly throughout the West and likely throughout the entire world.

But to do that in a way that's remotely understandable, I need a series in order to answer a few threshold questions and a few foundational questions that are not generally known, even among educated and informed people, and that's just going to take some time and take some work. What are central banks? What do they actually do? How powerful are they now? Why are they powerful now? How do you even measure power? And if central banks are so powerful now, why haven't they taken over already? And what is so urgent that you need an entire series right now?

Let me answer that last question first because it's actually the easiest one. The issue of central bank legal power was actually teed up for public consumption within 24 hours of Donald Trump's election to a second term.

Here is Federal Reserve Chairman Jay Powell taking questions from the press the day after the 2024 election.¹

Q. Some of the president-elect's advisers have suggested that you should resign. If he asks you to leave, would you go?

A. No.

Q. Can you follow up on—is—do you think that legally you're not required to leave?

A. No.

Q. Do you believe that the president has the power to fire or demote you, and has the Fed determined the legality of a president demoting at will any of the other governors with leadership positions?

¹ "Fed Chair Powell says he won't resign, even if Trump asks him to," Nov. 7, 2024, <https://www.youtube.com/watch?v=umXN8ELS98s> (Bloomberg TV)

A. Not permitted under the law.

"Not permitted under the law." So the chairman of the central bank in the United States is saying, the president of the United States can't fire him. But what does Trump himself say? Here you go.²

Q. The Chairman of the Federal Reserve, Jerome Powell, said he will not leave his post even if you ask him to. Will you try to replace Jerome Powell?

A. No, I don't think so. I don't see it.

Okay, so you might ask, well, since Trump and the Fed are agreeing here, why is this such an issue? And the answer is, it's what led up to these exchanges that's such a huge problem.

And what led up to these exchanges was over 300 years of central banks encroaching on the authority of nations to control and to issue their own money, encroaching, to be clear, on the sovereignty of countries. The clips you just saw are actually just reflections of the latest move on the global central banking chessboard, which took place last year.

And that was the publication of a memo³ by the Biden White House in May 2024 about central bank power. The memo is so deeply disturbing that I thought it warranted an entire series to explain the danger that it poses.

I want to just read from the memo, supposedly written in response to prior statements about the Fed from Donald Trump on the campaign trail. The memo could've just said what Jay Powell said—that the president lacks the power to fire the Fed chairman, and that's right as a matter of law, and the White House memo could have left it at that. And if you don't understand why Jay Powell is right about that, this series and in fact this episode in a few minutes is going to clear that up for you.

But the Biden White House memo did not say what Jay Powell said. The memo had this to say instead. I'm just going to read from the memo. It says, among other things:

²"Donald Trump says he won't try to remove Fed chief Jerome Powell," Dec. 8, 2024 (NBC News), <https://www.nbcnews.com/politics/donald-trump/donald-trump-says-wont-fire-fed-chief-jerome-powell-rcna183276>

³"The Importance of Central Bank Independence," May 22, 2024, White House Council of Economic Advisers, <https://web.archive.org/web/20250116070859/https://www.whitehouse.gov/cea/written-materials/2024/05/22/the-importance-of-central-bank-independence/>

"[N]early all advanced economies and many developing countries are now governed by independent central banks, whose governing bodies decide monetary policy without political input, approval or fear of reprisal."

"Governed by independent central banks."

Not governed by elected representatives, not governed by a constitution, not by the rule of law, not by three branches of government, not governed by the people, not even governed democratically.

"Governed by independent central banks," nearly all advanced economies, according to the Biden White House.

The scary thing about that statement, actually, is that it's pretty much true, with one rockets-red-glaring exception (here in the good old U.S. of A.), which the Biden memo leaves out. The U.S. is not governed by a central bank; it is thus not governed by an independent central bank. Nor can it be, due to the U.S. Constitution—which the Biden memo also leaves out. It likewise omits any mention of the Federal Reserve Act, and it treats the Fed like every other central bank in the world, especially the European Central Bank, the ECB.

And that is the problem. To show you how huge a problem it is, it's just going to take me a few episodes, number one, to cut through the mystique of central banks and get to their actual power that they truly hold, and number two, to cover like I said over 300 years of history that led up to this warning shot from the Biden Administration, which is what that memo is. Because let's face it, when it comes to central banks, Biden's advisers (who wrote that memo) are no different than Donald Trump's advisers are no different than Fed bankers, or ECB or Bank of England bankers. All central bankers are relentless, furtive, power grabbers, and the end of the runway is now in sight.

So, I want to share with you what I see here, especially given the ambitious financial and monetary projects that have been bandied about in the very first days of the second Trump Administration. Now, I am not going to get into the details of those projects here. There really aren't any; it's too early. This series is instead going to provide a legal and historical framework for what appears to be coming, and by the looks of it, it's going to be big. So, we're going to go through the record.

If you've seen my videos before, you know that I use actual documents. My videos feature highlights and zooms on actual text in documents. I even use footnotes on the screen with sources linked in the video description box, but with this series I'm taking that approach to the next level. I've actually wanted to do this for a while, but I'm finally in a position now to do it.

I think a series like this will probably end up being my go-to format for videos, actually.

But that brings up the topic of the series schedule and the series structure. This is episode one, as I said. Episode two, if things go as planned, will be out two weeks from today. Episodes three and four will follow that biweekly schedule. Then there will be a four-week intermission, sort of to collect our thoughts and move forward. And then episodes five through eight will resume the biweekly schedule. If it all goes as planned, the series will be over and done with, I think, by the day after Memorial Day.

I may end up with a bonus episode or interviews; we'll see. But the core of the series is eight episodes. In any case, check solari.com for the latest scheduling info. On that note, I need to explain the series. I'll call it the series meta-structure.

My regular videos have a video itself, it has references in the description box, and usually I put up a Substack post in connection with each video. But there are at least two limitations to that approach from my point of view. Number one, my videos post on YouTube, Odysee, and BitChute—all under the BestEvidence channel. If my channel gets canceled, which I don't think will happen (I'll talk about that in a minute)... but if my channels get canceled, my videos are gone. The second limitation to that approach is that the description box can provide a link to a source, but it can't provide the source itself; there's just not enough space.

And there's a ton of underlying materials that I want to make available to other researchers, to other creators who might see this series and want to use some of the materials. For example, you saw clips of Alan Greenspan in the title sequence. It would be nice if you could get those clips and not just a link to the C-Span three-and-a-half-hour video of that hearing.

And that is where Catherine Austin Fitts and Solari come into play. You saw her name and the name Solari in the title sequence. This is the first video I've made—first BestEvidence video I've made—in association with anyone, and I'm proud to do so now with Catherine and Solari because we are blazing a new trail, as far as I know, away from the censorship machine and the censorship complex that is raging right now, and quite fittingly, it is a trail that celebrates the U.S. Constitution by showing how powerful and how crucial that document actually is right now.

Catherine has generously agreed to host the entire series and its constituent parts on a webpage dedicated to the series on solari.com. The address for the webpage is on screen now, so it is baked into the video so to speak. And as usual I'll make extensive use of footnotes⁴ throughout the series, with links in the description box. But again, that's just

⁴<https://solari.com/the-war-for-bankocracy>

links. And at Solari, you get not just the links, but the underlying content, too, for example, a hearing transcript or a video clip—

I should point out here that that hearing of Greenspan⁵ from January 25 (was it?) 2001... there's no transcript for that hearing. If you go to the official congressional site⁶ and try to download the hearing, there is no hearing. It's a miracle I found the C-Span video. So, if any of my viewers or subscribers can point me in the right direction there, I would be greatly indebted to you.

But anyway, Solari is the depository library for the entire *War for Bankocracy* series. But there's [sic] two other parts of the series that I want to talk about quickly. The first is other content creators. As the series progresses, I want to discuss episodes and their relevance to other issues with knowledgeable people, and for this reason I have started to reach out and enlist the help of other creators like James Corbett and like Greg Hunter and of course Catherine Austin Fitts herself. I'm looking forward to those discussions.

The point here is that a rolling list of interviews and where to find them will be available at Solari.

And the final part of the series library is my own Substack posts, usually with an entry for each episode, and I'll do entries (Substack posts) for interviews as well as time permits, and maybe on other topics. You are looking⁷ at the URL for my Substack right now onscreen.

But as with YouTube and other video platforms, I do not want to be at the mercy of Substack, so an archive of my Substack posts will also be available at Solari. Thank you, Catherine Austin Fitts.

You know, I don't know of any video project like the one that she and I are doing right now, with the source documents included—bundled with the project. If I did know about it, I would have copied it. But in a climate of, let's say, repressed content, I think that efforts along these lines are going to become more and more necessary. Certainly, at a minimum I want an archival backup of this work because it's been a major undertaking. I have lived with this project essentially full time, 40 hours a week, for the last three or four months. Four months, September. And it has been a ton of work.

So thank you to the creators for helping me, with special thanks to Catherine Austin Fitts.

⁵Hearing Before the Comm. on the Budget, U.S. Senate, 107th Cong. (Jan. 25, 2001), <https://www.c-span.org/video/?162141-1/fiscal-policy>

⁶<https://www.govinfo.gov/app/collection/chrg>

⁷<https://bestevidence.substack.com/>

She and I have done the *Money & Markets* video show (I am told that it's not really a podcast, it's a show, it's a video show)—we've done a show on Solari for over four years now, actually going on five years, and not one time has Catherine ever limited or even suggested that I so much as temper my remarks, which are rather free-wheeling. So I trust her, and now I am very grateful to her for her help on this major project, which if it goes smoothly and goes well is going to be just my first video series project like this, as I mentioned. I like this format a lot.

Now, to be clear, a lot of content at solari.com is paywalled, and that includes our *Money & Markets* show. However, all of *The War for Bankocracy* series is going to be freely accessible there. Freely accessible. I think you might have to have a subscription to comment on whatever pages are up for *The War for Bankocracy* series, but all of the materials and all of the constituent parts of the series are freely accessible at Solari.

And in that connection, I should mention, there is a ton of materials related to this series also available for free at Solari. For example, there is a huge trove of work called "Missing Money" relating to \$21 trillion of undocumented adjustments to the federal budget over the decades. The connection to the Federal Reserve being, the New York Fed is the fiscal agent of the U.S. government.

Catherine Austin Fitts and Professor Mark Skidmore of Michigan State did a ton of work on that. Links to their work that are relevant to *The War for Bankocracy* series can be found on *The War for Bankocracy* webpage.

I think that takes care of housekeeping. Check Solari for series updates and information. Catherine's got a whole team at Solari, I've worked with them over the years, and they are superb at what they do.

Now I want to turn back to the problematic Biden White House memo and get into some specific red flags starting with its title. As you can see, the title of the memo is "The Importance of Central Bank Independence." It's not, "The Importance of Federal Reserve Independence." It's "The Importance of Central Bank Independence."

And legally, that is a dead giveaway as to what's really at work here. Legally, "central bank independence" is night-and-day different from "Federal Reserve independence." "Central bank independence" means, the central bank doesn't answer to and is in no way controlled by the national government. And that's the express position of the Biden White House, too, as you are going to see.

"Federal Reserve independence," by contrast, means that the Fed does answer to and is controlled by the national government (specifically Congress), but that the Fed doesn't

answer to the president. That's what Jerome Powell said, and that's what Donald Trump agreed to. So, the meaning of "Federal Reserve independence" is narrow; it means independent of the president, that's it. It basically means the Fed Chairman isn't a cabinet position.

"Central bank independence," by contrast, is broad. It means that the central bank is independent of the entire national government, and the central bank is free to do whatever it wants to with money used by the people in a nation, who have no control, through parliament or otherwise, over their own money.

That construct is actually legally impossible in the U.S. due to Constitution, specifically due to Article 1, section eight of the Constitution, under which credit issuance and money-coining are expressly identified sovereign powers belonging to Congress. Article 1, of course, establishes Congress and sets forth congressional powers. Most of those powers, including credit issuance and money-coining, are in section eight, which has sort of a laundry list of sovereign powers belonging to Congress.

So, even though the Fed has been **delegated** a lot of monetary power, that power always remains with Congress due to the Constitution, and thus the Fed can never be independent of Congress because Congress has the constitutional duty of oversight over the power that it delegated.

The Fed is like someone who rents a house. The renter has the right to possession based only on a secondary document, which is the lease from the homeowner. The primary document for the house is the deed, which only lists the homeowner, not the renter on that document.

It's the same thing with the Fed. Its right to coin money is based on a secondary document, which is the Federal Reserve Act. The primary document—make no mistake about it—is the Constitution, which only lists Congress (not the Fed) next to money-coining.

So, why does that matter? It matters because if the homeowner doesn't renew the lease, the renter is out of the house. And the same thing is true of the Fed: Congress can choose not to renew the Fed's money-coining lease simply by repealing the Federal Reserve Act with a majority vote.

Fed officials know this and are forever trying to cause confusion on the point by overextending the scope of "Fed independence" to include independence not just from Congress [sic: the president] but from the president [sic: Congress], too, and that is pure legal error, as you are going to see right now.

This is from a 2012 [sic: 2009] hearing devoted to the issue of Federal Reserve independence in the House of Representatives.⁸ You are looking at James Galbraith, a University of Texas economist who drafted various revisions—helped draft various revisions—of the Federal Reserve Act going back to the late 1970s. We'll get to that later.

For now it suffices to say that Galbraith knows what he's talking about. Here he is replying to testimony from another witness, Fed Vice Chairman Donald Kohn. Kohn in his testimony failed to mention any number of material points about Federal Reserve independence that Galbraith is about to nail down in rebuttal. Kohn by the way is the guy in the title sequence who refused to commit the Fed to \$2 trillion bailout of AIG with freshly printed money. We'll cover that story in episode four. But right now let's hear from Galbraith.

I want to begin with a comment on this question of independence, which has been touched on repeatedly. Vice Chairman Kohn said, and I think with very carefully chosen words, that the Congress granted a substantial degree of independence to the Federal Reserve. That independence is, of course, independence from the Executive Branch. It is not and cannot be independence from the Congress itself. The Federal Reserve may be delegated certain functions by the Congress, but the Congress can always choose to hold it accountable, and this committee, of course, has the responsibility of oversight precisely for that reason. So I think we should be very clear that, when speaking of the independence of the Federal Reserve, it is a legal independence of a kind that other regulatory institutions have had over the course of our history. It is not an independence which is specific to monetary policy per se.

That is the most succinct and accurate summary of Federal Reserve independence that I've ever seen. But James Galbraith is exactly right. Federal Reserve independence just means independence from the executive branch. As I mentioned earlier, the Federal Reserve Chairman is not a cabinet position. So, the president can't fire the Fed Chairman like he can fire the Treasury Secretary or the Attorney General or other members of his cabinet.

⁸Regulatory Restructuring: Balancing the Indep. of the Fed. Reserve Sys. in Monetary Policy With Systemic Risk Reg., Hearing Before Subcomm. on Domestic Monetary Policy and Tech. of the Comm. on Fin. Servs., U.S. House of Representatives, 112th Cong. (July 9, 2009); see <https://www.govinfo.gov/content/pkg/CHRG-111hrg53234/pdf/CHRG-111hrg53234.pdf> and <https://www.c-span.org/video/?287563-1/independence-federal-reserve>.

But the reason central bank independence in the U.S. can't be extended to mean independent of government is that the Fed was created by Congress, and it can be dismantled by Congress just as easily: a majority of the House, a majority of the Senate, signature of the president and the Federal Reserve is gone. The Fed answers to Congress because it can be snuffed out by Congress tomorrow if Congress so chose.

So Federal Reserve independence and central bank independence are two different and opposite—**opposite**—legal concepts. Central bank independence means the national government can't touch the central bank, and that's simply untrue in the U.S.

In fact, the Federal Reserve Act itself uses the term "central bank" expressly to mean foreign central bank. So not only is the term "Federal Reserve **independence**" not interchangeable with "central bank **independence**," the term "Federal Reserve" is not interchangeable with "central bank."

It's a really important point, so let's take a look at the black letter of the Federal Reserve Act itself so you can see that what I am telling you is true.

Okay. You are looking at a PDF⁹ of the Federal Reserve Act. Let's search on "central bank" in the search box above my head and see that what I'm saying is true. Let me just paste it in there from the clipboard.

And you can see, here over on the left panel, that the term "central bank" appears seven different times on four different pages. Let's just punch through them one by one and see what we have. Let me start at the top. There we go.

Okay. So this is the first instance of "central bank" appearing in the Federal Reserve Act. And you can see it shows up in Section 11C, "Master Account and Services Database." And this points out that "central bank" is defined in Section 25B. So let's keep going, because it's going to depend on the definition of "central bank," which we're going to get to.

So the next three instances of "central bank" in the Federal Reserve Act are here. And as you can see from the top of the page, these appear in Section 25B of the Federal Reserve Act. Let's just go through them one by one. "Federal Reserve banks receiving property of foreign States and central banks." So they're foreign there.

For the account—the second one: "for the account of a central bank of any such foreign state." And lastly, "the name of such foreign state or such central bank." So these—all three of these mentions of "central bank" here are foreign central banks.

⁹<https://www.govinfo.gov/content/pkg/COMPS-270/pdf/COMPS-270.pdf>

Let's keep it going. Next instance is here. Again it's section 25B of the Federal Reserve Act. Same language: "such foreign state or such central bank." Foreign central bank.

And finally, we come to the definition of "central bank." This appears, you would think, in section 25C, but it's actually not. 25C of the Federal Reserve Act starts here, so the instances of "central bank on this page" come before section 25C, meaning these two instances of "central bank" are in 25B. You can see from the top here, it's "Definitions."

Here is the express definition:

"the term 'central bank' includes any foreign bank or banker authorized to perform any one or more of the functions of a central bank"

Let me read that again: "central bank"—"the term 'central bank' includes any foreign bank or banker authorized..." yada yada yada.

"Central bank" in the Federal Reserve Act means foreign central bank, you just saw that. Let me put it this way. The Federal Reserve Act expressly uses the term "Federal Reserve bank" 165 times to describe the central bank of the United States, and uses the term "central bank" seven times when talking about foreign central banks. Conversely, the Federal Reserve Act uses the term "Federal Reserve bank" zero times to describe a foreign central bank, and uses the term "central bank" zero times to describe a Federal Reserve bank—a regional Federal Reserve bank here in the U.S.

There is no legal overlap between the term "Federal Reserve bank," a U.S. institution, and "central bank," a foreign institution. The terms "Federal Reserve bank" and "central bank" are mutually exclusive terms.

The title of the White House memo should be "The Importance of Federal Reserve Independence," but it is not the title because the White House is pushing a globalist, anti-constitutional, anti-sovereign-nation agenda here.

This memo was not written on a lark. There are material changes to the world reserve currency and thus to the global monetary system underway right now. Do not kid yourself about that. It's going on as we speak.

Now you might think, "Well, I'm not in the U.S., this doesn't pertain to me." If so, you are very much mistaken about that. The Federal Reserve in the U.S. is unique among central banks not just because the U.S. dollar is the world reserve currency, and not just because U.S. dollar-denominated assets account for something like 60 percent of the global total, but because of the U.S. Constitution.

The Constitution is what's keeping the window of transparency into the Fed permanently open and by extension, it keeps open a degree of transparency into foreign central banks as well. True, the Federal Reserve is not completely transparent, but legally, Congress—meaning directly elected representatives of the U.S. people—have the right to access any information they want from the Fed whenever they want it. And if you don't think that's the case, it really is a testament to the Fed's success in pushing total lies on the public.

We are going to look at Galbraith again here.¹⁰ Here he is being questioned by Ron Paul, as you can see. The topic is foreign agreements and foreign payouts of money, but the issue is what information Congress can get from the Fed. Listen to what Galbraith says here.

Rep. Ron Paul: Maybe you can comment on these foreign agreements. These are like treaties. The Federal Reserve goes and makes these agreements, and they pass out money. Does this strike you as that too might be challenged if you happened to come at this from a constitutional viewpoint?

James Galbraith: Well, I think under the Constitution, the Congress has every right for whatever information it seeks from the Federal Reserve.

"Congress has every right to whatever information it seeks from the Fed." No ambiguity there. So while the Fed might use its delegated money-coining power to hand out money to dubious recipients, what the Fed can't do is evade scrutiny of the authority that did the delegating to begin with, and that authority legally is Congress.

The Constitution requires that. It requires that the Fed answer to Congress at all times and to be transparent. To return to our owner versus renter construct, Congress as the owner of the money-coining house most certainly has the right to inspect its own house regardless of what the Fed, who merely rents the house, tells you. Congress might have to give advance notice of inspection, but Congress most certainly and most definitely has the permanent right to inspect its house and frankly, I doubt any advance notice is required.

But in any event, if Congress can pass an act tomorrow erasing the Fed from the face of the earth, and take possession of the money house—which it can do—it can inspect that house as well. There are 900 members of the federal judiciary; and there's not one who'd make Congress actually go through the extreme hoop of dismantling the Fed just to get documents; the judges would simply order the Fed to turn the documents over, and the Federal Reserve damn well knows it.

Permanent, enforceable transparency is a feature of the U.S. Federal Reserve that separates it from central banks generally and from the European Central Bank in particular. The ECB has what I call "window-display transparency." Yeah, the ECB might

¹⁰See footnote (08) above.

issue a report here and there, it might even be required to issue reports, but it's the ECB that has total discretion over what source documents to put into the report and whether it releases those documents. It's not going to release them.

In fact, ECB officials are expressly prohibited by treaty—by law in Europe—from taking instructions from national governments. We'll see that in a later episode. Whereas the Fed has a legal duty to follow instructions from Congress, including instructions to disclose information that it does not want to disclose.

And make no mistake about it, the yoke of enforceable transparency around the Fed's neck has a very real tendency to beef up the window displays of transparency from central banks globally, like the ECB. Those central banks at least have to pretend to care about transparency, or they suffer by comparison with the Fed's disclosures. And to be blunt, quite a lot of those disclosures are forced by the very real teeth of transparency laws in the U.S. So U.S. law is very clear. Very clear.

So why is it, then, that we see Ben Bernanke and Donald Kohn and the Fed gang consistently acting like European central bankers and refusing congressional requests for transparency and accountability?

That's actually a very fundamental question, and I'm going to answer it in the next episode, but right now I'm going to answer a much easier question, which is this: **how** does the Fed even purport to resist congressional efforts for transparency and accountability, since the law—since U.S. law, at least—is so clearcut on the side of transparency?

The answer takes us back to the White House memo and to its title. "Central Bank Independence." "The Importance of Central Bank Independence."

Central bank independence is one of the biggest global propaganda campaigns ever, replicated here in the U.S. It is aimed at convincing Congress and really the American public that the best course of action for the U.S. is to treat the Fed just like the European Central Bank: leave us alone, let us do whatever we want.

The basic pitch of the central bank independence campaign is, research shows that central banks that are independent achieve better economic results. So, if you enjoy the better economic results here in the U.S., you'd best let us, the Fed, alone, and let us function like central banks, like independent central banks—all those other independent central banks around the world. Don't ask so many questions, and don't demand disclosure of so many documents.

Now, the legal case that the Fed is not independent is airtight, because the Fed absolutely cannot escape the clutches of the primary, bedrock legal document in the U.S., which is the Constitution.

And I'm going to tell you right now, the Fed's pitch for independence—its pitch for Congress to abandon its constitutional oversight function and just let the Fed do whatever it wants, buy assets from whomever it wants—is extremely weak. The Fed—the research the Fed is relying on is at best ambiguous, and in one very notable instance actually undercuts the Fed's position, as you are going to see in the next episode. Separately, moreover, I am going to prove beyond any doubt at all that a passive, hands-off, don't-ask-any-questions approach to the Fed by Congress is a recipe for disaster. And that's all quite aside from the untrammelled cronyism that that approach begs for.

So, you might think that the Fed's independence pitch, its ad campaign, hasn't been effective. You would be very much wrong about that though. Its independence pitch has been highly effective in Congress, as the following clip makes clear.

Rep. Ron Paul: One of the points that I've been trying to make—and that's transparency of the Federal Reserve. It sounded to me like the majority here is for independence, which is a code word for secrecy and in opposition to transparency.

Perfectly put. Independence is a code for secrecy, a code word for secrecy. But notice that Ron Paul reveals that he's in the minority when it comes to Fed independence, and he's here complaining about the majority going along with the Fed's claim that secrecy is the best policy. And by the way, lest ye think that Fed transparency is somehow a partisan issue, as some people would have you believe, let me show you another clip from one of the leading Democrats at that time, who was, just like Ron Paul, very pro-transparency, and that is Barney Frank.¹¹

You're actually not looking at Barney Frank. You're looking at Ron Paul. Barney Frank in the clip we're about to look at is actually a witness because the hearing is about Fed Independence, and Barney Frank had chaired the House Financial Services Committee throughout the global financial crisis, so he knew a ton about the Fed's tricks to remain secret. Listen to what he has to say.

Rep. Ron Paul: Now, Mr. Frank is recognized.

¹¹Improving the Fed. Reserve Sys.: Examining Legislation to Reform the Fed and Other Alternatives, Hearing Before the Subcomm. on Domestic Monetary Policy and Tech. of the Comm. on Fin. Servs., U.S. House of Representatives, 112th Cong. (May 8, 2012).

Rep. Barney Frank: Thank you, Mr. Chairman. I appreciate your acknowledgment of the work we did together. It actually was work, as you know, that began with one of your Texas colleagues, Mr. Gonzalez, who works down with us who was a pioneer in forcing the Federal Reserve to be open. He made them release information that they claimed didn't exist. It was kind of a magical feat. But one of the things that ought to be noted, in every instance, beginning with Mr. Gonzalez and maybe before I was here and the work we did, as the information flow has increased, it has been beneficial. There have been none of the negative effects on people they are worried about.

That is a very gentle poke by Barney Frank at the Fed's Chicken Little act when it comes to disclosing information. In other words, during the financial crisis, the Fed is forever claiming, oh, we can't disclose information or the sky is going to fall, and Frank is there saying not only is that Chicken Little story bogus, but that more transparency and more disclosure are beneficial. Secrecy, as we are going to discover later, in a future episode, has everything to do with protecting the Fed's power and nothing to do with helping the country. I'm flagging it for you now, though, because it's what the Fed's independence campaign is really all about. It has nothing to do with better economic results.

That's simply ludicrous, as you're going to see. But in any case, you might be wondering, since I brought up the topic, what connection there is between secrecy on the one hand and Fed power on the other, or why the Fed, if it's a government agency and it's not on the profit model, would be motivated to increase its power in the first place, or even how to measure the power that the Fed does possess as a renter of the U.S. money-coining house.

Those are all good questions, and their answers are inside of a Pandora's box that we are going to be opening next episode, which you will not want to miss. In the meantime, thank you so much for watching. I will see you in two weeks.

If you would like to support this channel and *The War for Bankocracy* series, you can do so by sending cash or check to me at the address on the screen:

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So if you are so inclined to help, it would be greatly appreciated. The money will go right back into the channel. I'm always looking for ways to step up content production, and those methods and those means most certainly cost money.

Anyhow, thank you so much for your time and attention, and I'll see you in a couple of weeks.

CLIPS & HEARINGS & DOCS

Trailer

- CBWF dominici permanent surplus.mp4
- CBWF greenspan cant reduce debt.mp4
- sanders-bernanke who got money + new law (mar 03 2009)(davcc).mp4
- Bunn-2 davcc.mp4
- SHEL-1.mp4
- Carstens Insane 422.mp4

Episode

- Galbraith july 09 p28 independence from exec only.mp4
- Paul - Galbraith cong 411 A.mp4
- Paul independence = secrecy.mp4
- Frank pro transparency.mp4