By What Authority

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Banking on Never-Ending Power and Rights

by Greg Coleridge

It is well that the people of the nation do not understand our banking and monetary system, for if they did, I believe there would be a revolution before tomorrow morning. - Henry Ford

Banking and other financial corporations (hereafter referred to simply as banking corporations) are unlike any other subset of corporate entities. Their uniqueness has to do with their one-of-a-kind "product" -- money.

The fact that individuals (poor to rich), businesses (small to big) and governments (local to national) all require money to function means banking corporations occupy prominent places in our national economic and democratic spaces. Given the increasing omnipotence of money in determining who gets elected, what political voices get heard, when laws get passed, where programs get funded and how regulations are enacted and implemented, understanding the role of banking corporations in the creation and circulation of our nation's money and in their lock-down control of our "monetary system" is essential to (re)gain political and economic self-governance.

The political influence of banking corporations has increased over the last several decades as the economy has shifted from producing real goods and services to creating, packaging, buying and/or selling ever more diverse, complex, risky and outlandish loans, insurances and other financial "products." Money from banks that formerly were loaned to companies that produced needed consumer products remain heavily invested in options, futures and other financial "instruments" (i.e. money invested in money) that yield greater profits, despite such products and instruments being responsible for the 2008 financial implosion.

This "financialization" of our economy increases profits and wealth of the finance, insurance and real estate (FIRE) sector and makes our nation more economically dependent on that sector to drive economic growth. Increased profits, wealth and economic dependency have also increased their political power and influence -- guaranteeing further profits, wealth and dependency. A vicious cycle increasing both the financial and political power of banking corporations rages on with no end in sight.

Controlling the power of banking corporations

Banking corporations didn't use to have so much power.

POCLAD's research on the connections between the legal and social movement history of our nation and individual states over many years revealed the strident efforts of those committed to self-governance to control banking corporations.

Charters (i.e. licenses to do business) of banking and insurance corporations enacted by state legislatures early in our nation's history were rigid to ensure these entities didn't become powerful. Charters were considered democratic tools. While all early corporate charters spelled out specific conditions, bank charters were the most limiting.

Examples of bank charter conditions included a short duration permitting the bank to conduct business, low interest rates, transparency of financial records, personal liability of directors for any debt, directors having to reside in the county where the bank was chartered, and a prohibition of the bank to engaging in the buying or selling of any goods, wares, merchandise or commodities.

Public officials and courts often failed to renew or actually revoked charters of banking and insurance corporations that violated the terms of its charters. This happened frequently at the state level.

The wording from this decision of an Ohio Supreme Court case represented public sentiment toward banks:
"…[A] banking institution is a public institution, appointed for public purposes – never legitimately created for private purposes… its operations are subject to the control of that public, who may, from time to time, as the public good may require, enlarge, restrain, limit, modify its powers and duties, and, at pleasure, dispense with its benefits."[1]

In repealing the charter of the German Bank of Wooster, the Ohio legislature stated:
"It shall be the duty of the court of common pleas... or any judge of the supreme court...to restrain said bank, its officers, agents and servants or assignees, from exercising any corporate rights, privileges, and franchises whatever...and force the bank commissioners to close the bank and deliver full possession of the banking house, keys, books, papers, lands, tenements, goods, chattels, moneys, property and effects of said bank, of every kind and description whatever..."[2]

Violators of the charter's terms "[S]hall be deemed guilty of a crime, and, upon conviction, thereof, shall be imprisoned in the penitentiary and kept at hard labor, not less than one, nor more than ten year." [3]

There was strong opposition to the formation and continuation of each of the first two privately operated central banks of the United States – the Bank of the United States (1791-1811) and Second Bank of the United States (1816-1836). Both were chartered for limited durations and purposes. Both charters weren't renewed due to economic and political fears.

"I sincerely believe…that banking establishments are more dangerous than standing armies," [4] said Thomas Jefferson who opposed renewing the charter of the first Bank of the US. President Andrew Jackson was the major force behind the non-renewal of the Second Bank of the US's charter. "The bold effort the present (central) bank had made to control the government ... are but premonitions of the fate that await the American people, should they be deluded into a perpetuation of this institution or the establishment of another like it," [5] he said.

Issuing public money

Ironically, the ultimate democratic power over banking corporations has rarely been used – the Constitutional power as defined in Article 1, Section 8 authorizing Congress, "[t]o coin Money." The word "coin" is a verb, meaning the power to issue or create our nation's currency.

Most, if not every, pre-revolutionary American colony issued their own colonial paper scrip, beginning with Massachusetts in 1690. Commenting on this currency form, Benjamin Franklin said, "Experience, more prevalent than all the logic in the world, has fully convinced us all that paper money has been, and is now, of the greatest advantage to the country." [6]

"Continentals" were a colonial-wide currency issued by the revolutionary Continental Congress. They were used to pay soldiers.

U.S. "Greenbacks" were federal-issued notes issued by the Lincoln administration to avoid paying exorbitant interest rates to Wall Street banking corporations. Congress authorized $450 million in 1864 to be created. No more, in fact, was issued.

Colonial scrips, Continentals and Greenbacks weren't examples of "specie" money (paper money backed by gold or silver) but "fiat" money – money declared by those governments to be legal and accepted for certain payments. They were money created by public governments to be spent into circulation to serve as a medium of exchange, a store of value and all the other purposes that money serves. These forms of money were not borrowed. No principle or interest had to be repaid. They were debt-free currencies. For the most part, they were also inflation-free. There was no economic or political dependence by governments to commercial banking corporations.

Greenbacks are the only instance that Article 1, Sec 8 of the Constitution has actually been implemented. At no other time in US history has public money been created by the federal government in this way.

What Congress failed to do, however, social movements continued to advocate for.

"Locofocos," members of the radical wing of the Democratic Party, were political firebrands in the first half of the 19th century. They were opposed to state banks, monopolies, paper money, tariffs, and financial policies that were undemocratic and conducive to special privilege.

The Populists who feared the economic and political power of railroads and banks followed them. The national Populist Party in their 1892 Omaha Platform declared: "We demand a national currency, safe, sound, and flexible, issued by the general government only, a full legal tender for all debts, public and private, and that without the use of banking corporations." [7]

Jacob Coxey, a businessman from Massillon, Ohio organized a 500-strong "Coxey's Army" march from Massillon, Ohio to Washington, D.C. in 1894 to promote federal intervention for job creation. The primary demand of this "petition in boots" was unique -- the direct printing and issuance of $500 million by the Federal Treasury to employ 4 million people. Coxey's Army proposed two bills. The first, a "Good Roads Bill", would help farmers through $500 million issued by the federal government in legal tender notes, or Greenbacks, to construct rural roads. The second, a noninterest-bearing bonds bill, would empower state and local governments to issue noninterest-bearing bonds to be used to borrow legal tender notes from the federal treasury. This money would be used to build urban libraries, schools, utility plants and marketplaces. Millions of jobs would have been created -- debt-free.

Banks protect their corporate asses(ts)…and expand their power

Banking corporations hated Greenbacks.

The National Bank Act of 1863 and 1864 were pushed by bankers and their supporters to undercut Greenbacks. A system of nationally chartered, private/corporate banks was established and expanded. These new national banks were provided with virtually tax-free status and subsidized through purchasing of government bonds with discounted Greenbacks. These banks were permitted to then create "US Bank Notes" (debt-based money) which entered the money supply – to be used in payment of taxes and duties only. This system enriched banks and worked to wean the US away from Greenbacks. The Act limited the issuance of Greenbacks to $300 million

Wall Street banks preferred "hard money" (i.e. gold) or specie money (paper money backed by gold), since the major banks controlled most of the nation's gold. Ohio Senator John Sherman (so close was he to the First National Bank of New York that the bank was dubbed "Fort Sherman") was the major advocate of the Specie Resumption Act, passed in 1875. The Act legislated the U.S. Treasury to resume the issuance of legal tender notes backed only by gold (Greenbacks were backed by the faith and credit of the US government). The Act also took steps to reduce the amount of Greenbacks in circulation -- a step toward the creation of bank issued debt-money that the government would borrow from them at interest vs using government money that was interest-free. Farmers and small manufactures opposed the Act, fearful that a contraction of the money supply would lead to a recession or depression – which it did. The Act took effect on January 1, 1879. It was a major step toward the re-consolidation of the nation's money supply and economy toward what was called at the time as "The Money Trust."

The twin goals of the banking industry were to eliminate Greenbacks not just from the economy and from the culture but to establish governmental dependency on banking corporations.

Why banking corporations loved having their exclusive corporate "hand" on the nation's money faucet was obvious – to manipulate the amount of money in the economy. Turning the money spigot on and making money easily available resulted in economic booms as people borrowed for economic expansion. Turning the money faucet off created the opposite effect – contraction, or economic busts. People were unable to pay their debts since there simply wasn't enough money in circulation. Banking corporations thus acquired land, businesses and other capital on the cheap. Booms and busts in this country, therefore, haven't been due to cosmic forces, but rather well orchestrated financial decisions – all to consolidate economic (and consequently political) power of banking corporations.

The 1893 "Panic Circular" by the American Bankers Association was an example of the corrupting power of banking corporations. The document called on member banks to incite a financial panic to prevent greater public controls of banks, to counter increased public sentiment toward government-issued money and as a means to oppose silver (as opposed to gold) being used as a backing for currency. The document stated, "You will at once retire one-third of your circulation (your paper money) and call in one-half of your loans. Be careful to make a monetary [emergency] among your patrons, especially among influential businessmen…The future life of national banks as fixed and safe investments depends upon immediate action, as there is an increasing sentiment in favor of Government legal-tender notes and silver coinage." [8]

In past decades, banking corporations consciously chose what neighborhoods (white suburban) received housing loans and who didn't (people of color living in inner cities). This redlining or blackballing decimated communities, skewing social relations by reinforcing racial divisions. More recently, easy money from banking corporations and virtually zero regulations resulting from heavy corporate lobbying resulted in housing loans to people who simply couldn't afford them, especially the Adjustable Rate Mortgage (ARMs), triggering massive coast-to-coast home foreclosures. Buyers were lied to and deceived by middlemen brokers into thinking loan terms were reasonable and affordable.

The Federal Reserve System

By the early 20th century, banking corporations had still not completely acquired what they failed to achieve with the private first and second national banks of the United States – full spectrum dominance over money creation.

Greased with the funding by JP Morgan for a national Monetary Convention, a phony "grassroots reform" group calling for a new monetary system and private central bank, and triggered by a JP Morgan-orchestrated economic panic in 1907 caused by a contraction of the money supply, national sentiment moved toward a national central bank.

Bankers drafted a plan for the new central bank – controlled by none other than bankers. Morgan and other bankers drew upon their vast financial fortunes to lobby for the bill. The result was the 1913 Federal Reserve Act. "When the President Woodrow Wilson signs this bill," Republican Congressman Charles Lindbergh said, "the invisible government by the monetary power will be legalized…"[9]

What the now 100 year-old Act legalized was the monopoly by the new Federal Reserve System to create the nation's paper money supply. It also granted the Fed, a mostly private national central bank, the power to create money out of thin air as debt via purchases of government securities. The Fed also became the financial backstop for regional and local banks to create their own money out of nothing and to issue loans 10 times or more their actual reserves (called "fractional reserve banking"). The Fed fueled, legitimized and to a certain extent protected banks that engaged in fractional reserve banking.

Democratic activists are rightly upset about privatization/corporatization of our public assets, be they water/sewer systems, airports, roads and the like. Giving banking corpses the license to print money, however, dwarfs every other form of privatization/corporatization of our society in terms of transferring economic and political power.

Yes, the US government does mint US coins, but this is a miniscule percentage of all US currency (paper and electronic) in circulation. About 97% of all dollars are created as debt – with the vast majority of it as loans created with computer keystrokes by banks when we take out loans. The other form is when the Federal Reserve purchases US Treasuries bonds.

Democratic activists are rightly upset about privatization/corporatization of our public assets, be they water/sewer systems, airports, roads and the like. Giving banking corpses the license to print money, however, dwarfs every other form of privatization / corporatization of our society in terms of transferring economic and political power.

Compounding the power for banking corporations to freely create money is their ability to leverage existing bank deposits -- via fractional reserve banking – and create ten or more times as much money as they actually have on deposit. That's vast economic power. And with vast economic power comes vast political power.

Political Influence

And the banks -- hard to believe in a time when we're facing a banking crisis that many of the banks created -- are still the most powerful lobby on Capitol Hill. And they frankly own the place.
- Dick Durbin, US Senator, 2009

In a rare public admission of the political influence wielded by the nation's financial sector, Senator Durbin acknowledged what has been a reality for generations.

The FIRE sector is by far the largest source of campaign contributions to federal candidates and parties, with commercial banks, insurance corporations, securities and investment firms and real estate interests the major contributors/investors.

Political campaign contributions / investments to federal congressional candidates since 1990 totals $1.95 billion. The average contribution from this sector during this period to U.S. Representatives was $137,000; to U.S. Senators was $411,000. [10]

The FIRE sector also spends huge sums lobbying Congress and federal agencies. The sector spent $5.1 billion on federal lobbying along (excluding state and local officials) between 1998 and 2012, employing several thousands of lobbyists. In 2013, they spent $358 million on Congress alone, employing more than 2300 lobbyists – or more than 4 lobbyists per congressional member. [11]

What did all this lobbying and contributions/investments yield over the last two decades: the money industry's leveraged buyout of our political system, passage of certain laws and blockage of others contributed to the 2008 Wall Street crash, the global economic recession and a virtually non-existent recovery. These included:

- Passing the Financial Services Modernization Act in 1999, repealed the 1933 Glass-Steagall Act that had kept commercial banks out of investment banking and insurance services
- Rejecting regulation of financial derivatives (e.g. options, swaps, collateralized mortgage obligations)
- Blocking a law forcing banks to disclose money-losing or "toxic" assets to their investors.
- Passage of the Commodities Futures Modernization Act (CFMA) in 2000 which exempted financial derivatives, including credit default swaps, from any regulation.
- Rigged bank "stress tests" by the government to prove their financial solvency.
- Failure to prevent predatory lending.
- Federal preemption of state consumer protection laws.
- Making it easier for banks to purchase, bundle and sell subprime loans without fear of liability
- Forcing the federal agencies Fannie Mae and Freddie Mac to divert purchasing less risky "prime" housing in bulk to more risky "subprime" housing loans from financial institutions – thus to shift the default risk from banks to the government.
- Continuation of a trend of mergers and concentration in the financial sector (from a total of over 18,000 banks in the mid 80s to less than 6,900 in 2013). [12]
- Passage of the Credit Rating Agencies Reform Act of 2006 reducing the ability of the SEC to oversee credit rating agencies that were giving high marks to financial entities engaged in risky investments.
- No break-up of the major "too big to fail" banks
- Watering down and delaying implementation of the Dodd-Frank banking "reform" bill
- Avoiding criminal prosecution of executives of major banking corporations.
- Legal settlements involving token fines for the breaking of countless laws by bank.
- And, of course, continuation of the largest public theft in the history of the nation – the continued license to print money, which our government borrows and pays interest on it (several hundred billion per year by the federal government alone). This power is approaching exponential with the Federal Reserve System's "Quantitative Easing" program that has injected several trillion dollars of made up money that's been used to purchase the big bank's toxic assets and US Treasuries. Debt is exploding (personal, business and government), causing grave economic concerns about the stability of the dollar. The Fed now purchases 70% of US federal debt with their made up money as other nations have diminished their purchases. The government's debt addiction it total – increasingly dependent on the private Fed and banking corporations for survival. The ultimate financial bubble will inevitably burst.

Banking and monetary reform proposals

There are no lack of ideas for changing our banking and monetary systems. Some are more fundamental than others. Examples include:

- Re-establishing the "firewall" between commercial and investment banks established by the Glass-Steagall Act, created in 1933 but repealed in 1999. This would reduce the risks to consumers of financial speculation.
- Instituting a "transactions" tax on every financial trade as a means to both cut down on financial speculation and raise significant revenues.
- Prosecute and jail those responsible for the 2008 home foreclosure crisis and financial meltdown.
- Break up the nation's largest banks. Assets of the six largest US bank holding companies (JP Morgan Chase, Citigroup, Bank of America, Well Fargo, Goldman Sachs and Morgan Stanley equals 67%, up 37% from five years ago). [13]
- Ending the largely private and financial institution-serving Federal Reserve System. Since the Fed largely serves banking interests, the Fed should be simply abolished.
- Create "public banks" at the state or local level. These would be repositories for state and local government funds (vs keeping public funds in private banks) to be used to loan out for public projects. These public banks would themselves engage in "fractional reserve banking" by offering loans far in excess of their actual deposits. About a dozen states and several other municipalities are in different stages of exploring creating public banks.
- End the private Federal Reserve System by shifting the Fed's responsibilities to the Treasury Department AND end fractional reserve banking AND create US money to rebuild our nation's human and physical infrastructure. This is the proposal of the "National Emergency Employment Defense" (NEED) Act, which was introduced in the last two sessions of Congress, but not the current one. [14] This bill would go a long away to truly "democratizing" our monetary system. It achieves what most people already believe exists: the US prints its own money, banks only lend out their deposits and the Federal Reserve is a public and publicly accountable agency.

No matter how modest or fundamental these proposals, none are likely to become federal law anytime soon since, as Dick Durbin says, the banks "frankly own the place" (the federal government).

This doesn't mean one or more are not important alternatives to address. The NEED Act is the single most sweeping change addressing real monetary reform.

However, the Act never received even a single hearing in four years, let alone a vote. And it never will short of a mass social movement behind it.

This could happen if there's total financial/economic collapse, which is actually increasingly likely given the massive money printing of the Fed (both in this country and now the central banks of other Western nations), the widening wealth gap, collapsing consumer spending, plummeting jobs, the complete perversion of the economy to favor the super wealthy and major corporations (especially banks), skyrocketing public and personal debt (including student debt) and hundreds of trillions of unfunded liabilities (pensions, Social Security, etc.). It's a global financial tsunami that will pummel economies, communities and people.

Yet there's no guarantee that even total collapse will usher in changes that genuinely benefits people, communities and the planet. The tide could move in the direction of greater centralization, corporatization and injustice. Dire conditions do not automatically spark social movements.

Thus, the fate of fundamental banking and monetary reform is no different than those for fundamental energy reform, health care reform, agricultural reform, trade reform, transportation reform, education reform, industrial policy reform, tax reform, and (you fill in the blank) reform. We're unable to make serious headway on any progress moving against gale-like headwinds of corporate first amendment "free speech" rights and other never-intended corporate constitutional rights.

While different fundamental reforms divide the public from a practical standpoint (i.e. there's only so many causes any one person work on at one time), changing our nation's basic legal and constitutional ground rules can unite us.

Enacting Move to Amend's "We the People Amendment" [15] declaring that only human beings, not corporations, possess inalienable constitutional rights and that political money is not equal to free speech helps all of us who are working for any fundamental reform. Corporations and the super rich will continue to be shielded by constitutional rights as they permeate our culture, pervert democratic laws and plunder the natural world.

Corporations were never intended to possess inalienable constitutional rights but rather to be subordinate via charters and charter revocations to people and their elected representatives. Banking corporations drew special attention since their product was money – the lifeblood of all modern economies. First Amendment "free speech" and Fourth Amendment "search and seizure" rights are particularly dangerous since the ability to use bank money and the ability to conceal bank practices from public scrutiny can lead to the perilous rise of economic AND political power.

Couple this with the twin assertion by the 1% that "money equals speech." If money equals speech, then those who possess the most money possess the most speech. No wonder the political voices of banking corporations drown out all others. This isn't a description of any political system remotely resembling a democracy or democratic republic, but of a plutocracy – a fair description of our current system. Additionally, is money equals speech, doesn't that also mean that speech equals money (i.e. if A = B, then B must also = A). If so, does that mean that anytime anyone speaks about anything, they should be paid? This is a truly ridiculous concept.

The ultimate prescription to the problem of the rising power and rights of banking corporations is two-fold: educating and organizing for profound banking reform (whatever that may mean to you) while at the very same time educating and organizing for profound constitutional reform (i.e. the Move to Amend amendment).

It's the same prescription to the problem of the rising power and rights of (whatever category you prefer) corporations.

Changing laws and changing ground rules (the constitution) are twin goals – regardless of the issue.

It's how to bank on self-governance.

Notes

[1] *Knoup v the Piqua Bank* 1 Ohio S 603 (1853)
[2] 40 *Ohio Law, 18* (1842)
[3] Ibid.
[4] Letter to John Taylor, 1816
[5] http://www.ourrepubliconline.com/Author/110
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Coleridge is a member of the POCLAD collective and Director of the Northeast Ohio American Friends Service Committee (AFSC). The views in the article are not necessarily approved by AFSC.

They understood the economic/political power of banking corporations … including their power to create money

How long, how long will we allow finance to govern us?

"And I sincerely believe, with you, that banking establishments are more dangerous than standing armies…"
– President Thomas Jefferson

"There are two ways to conquer and enslave a nation. One is by the sword, the other is by debt." "All the perplexities, confusion and distress in America arises, not from the defects of the Constitution or confederation, not from the want of honour or virtues, so much as from the downright ignorance of the nation, of coin, credit and circulation."
– President John Adams

"Lexington and Concord were trivial acts of resistance, which chiefly concerned those who took part in them and which might have been forgiven; but the creation and circulation of bills of credit by revolutionary assemblies in Massachusetts and Philadelphia were the acts of a whole people, and coming, as they did, upon the heels of the strenuous efforts made by the Crown to suppress paper money in America, they constituted acts of defiance so contemptuous and insulting to the Crown, that forgiveness was thereafter impossible… They were more than this: they were the Revolution itself."
– Alexander del Mar, American Political Economist, Historian, Director of US Bureau of Statistics

"The immense capital and peculiar privileges bestowed upon it [Second National Bank of the United States] enabled it to exercise despotic sway over the other banks in every part of the country. From its superior strength it could seriously injure, if not destroy, the business of any one of them which might incur its resentment; and it openly claimed for itself the power of regulating the currency throughout the United States. In other words, it asserted (and it undoubtedly possessed) the power to make money plenty or scarce at its pleasure, at any time and in any quarter of the Union, by controlling the issues of other banks and permitting an expansion or compelling a federal contraction of the circulating medium, according to its own will." – President Andrew Jackson

"The issue which has swept down the centuries and which will have to be fought sooner or later, is the people versus the banks."
– Lord Acton, English Historian, Politician, Author

"I stand here, therefore, for inconvertible paper money, the greenback, which has fought our battles and saved our country, which has been held by us as a just equivalent for the blood of our soldiers, the lives of our sons, the widowhood of our daughters, and the orphanage of their children. I stand here for a currency by which the business transactions of forty million people are safely and successfully done, which, founded on the faith, the wealth, and property of the nation, is at once the exemplar and engine of its industries and power—that money which saved the country in war and has given it prosperity and happiness in peace. To it four million men owe their emancipation from slavery; to it labor is indebted for elevation from that thrall of degradation in which it has been enveloped for ages."
– Benjamin Butler, Union Army Civil War General, Member of the US House of Representatives

"The goose that lays golden eggs has been considered a most valuable possession. But even more profitable is the privilege of taking the golden eggs laid by somebody else's goose. The investment bankers and their associates now enjoy that privilege. They control the people through the people's own money."
– Lois Brandeis, US Supreme Court Justice (1916-1939)

"It was recognized in Athens and Sparta…centuries before the birth of Christ that one of the most vital prerogatives of the State was the right to issue money…To allow it [money] to become a source of revenue to private issuers is to create first, a secret and illicit arm of the government and last, a rival power strong enough ultimately to overthrow all other forms of government."
– Frederick Soddy, Nobel Prize Recipient and Monetary Reformer

"Our Constitution gives to Congress the exclusive power to coin money and regulate the value thereof... These are attributes of sovereignty and belong exclusively to the representatives of the whole people..."
– Samuel Fenton, Independent Republican US Representative of Ohio

"The process by which banks create money is so simple that the mind is repelled."
– John Kenneth Galbraith, US Economist

"The very idea of a government that can create money for itself, allowing banks to create money that the government then borrows, and pays interest on, is so preposterous that it staggers the imagination. Either everyone in government in charge of the procedure is lacking in intelligence or they have been bought and paid for by those who profit from their skullduggery and their infidelity to the public interest."
- William Hixson, Economist

"The money power preys upon the nation in times of peace and conspires against it in times of adversity. It is more despotic than monarchy, more insolent than autocracy, more selfish than bureaucracy." "The Government should create, issue and circulate all the currency and credits needed to satisfy the spending power of the Government and the buying power of the consumers. By the adoption of these principles, the taxpayers will be saved immense sums of interest. The privilege of creating and issuing money is not only the supreme prerogative of the government, but it is the Government's greatest creative opportunity."
– President Abraham Lincoln

"We say in our platform that we believe that the right to coin money and issue money is a function of government…Those who are opposed to the proposition tell us that the issue of paper money is a function of the bank and that the government ought to go out of the banking business. I stand with Jefferson...and tell them, as he did, that the issue of money is a function of the government and that the banks should go out of the governing business...When we have restored the money of the Constitution, all other necessary reforms will be possible, and ... until that is done, there is no reform that can be accomplished."
– William Jennings Bryan before Democratic National Convention, Chicago, IL

"If our nation can issue a dollar bond, it can issue a dollar bill. The element that makes the bond good makes the bill good... If the Government issues bonds, the brokers will sell them. The bonds will be negotiable; they will be considered as gilt edged paper. Why? Because the government is behind them, but who is behind the Government? The people."
– Thomas Edison

"We are completely dependent on the commercial banks. Someone has to borrow every dollar we have in circulation, cash or credit. If the banks create ample synthetic money we are prosperous; if not, we starve."
– Robert Hemphill, Federal Reserve Bank of Atlanta

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By What Authority (ISSN: 524-1106) is published by the Program on Corporations, Law & Democracy. The title is English for *quo warranto*, a legal phrase that questions illegitimate exercise of privilege and power. We the people and our federal and state officials have long been giving giant business corporations illegitimate authority. Today, a minority directing giant corporations and backed by police, courts, and the military, define our culture, govern our nation, and plunder the earth. ***By What Authority*** reflects an unabashed assertion of the right of the sovereign people to govern themselves.

POCLAD is a group of 10 people instigating democratic conversations and actions that contest the authority of corporations to govern. Our analysis evolves through historical and legal research, writing, public speaking, and working with organizations to develop new strategies that assert people's rights over property interests.

BWA is a tool for democracy proponents to rethink and reframe their work. To that end we encourage readers to engage us with comments, questions, and suggestions.

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"Now, I believe the system should be changed. The Constitution of the United States does not give the banks the power to create money. The Constitution says that Congress shall have the power to create money, but now, under our system, we will sell bonds to commercial banks and obtain credit from those banks... I have never yet had anyone who could, through the use of logic and reason, justify the Federal Government borrowing the use of its own money… I believe the time will come when people will demand that this be changed. I believe the time will come in this country when they will actually blame you and me and everyone else connected with this Congress for sitting idly by and permitting such an idiotic system to continue."
– Wright Patman, former chair, US House Committee on Banking and Currency

"Once a nation parts with the control of its currency and credit, it matters not who makes the nations' laws. Usury, once in control, will wreck any nation. Until the control of the issue of currency and credit is restored to government and recognised as its most sacred responsibility, all talk of the sovereignty of parliament and of democracy is idle and futile.... "
– William Lyon Mackenzie King, 10th Prime Minister of Canada