

HEARKEN TO THE SACRED GEESE OF JUNO MONETA

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On April 6 last I sent an open letter Congressmen Ron Paul of Texas accusing the Chairman of the Board of Governors of the Federal Reserve, Dr. Ben Bernanke, that

- (1) his program of Quantitative Easing(QE) whereby the Federal Reserve banks purchase U.S. Treasury paper *directly* from the U.S. Treasury is not authorized by the Federal Reserve Act and is therefore unlawful;
- (2) even if for the sake of argument we disregard where the Fed buys its paper, the sum appears to be higher than all *available* Federal Reserve credit outstanding and, moreover, the F.R. banks do not have *unencumbered* collateral to post in order to create more to conclude these purchases.

I have received an unusually large feedback in my e-mail. People want to know how I can substantiate these accusations against Dr. Bernanke. Of course I cannot say that I have caught Dr. Bernanke red-handed. All I can do is to present circumstantial evidence.

I start with a statement that I am fully aware of the seriousness of my accusations, and my responsibility in making them. I do not make them frivolously. I have been contemplating to do it for decades. My reasons for postponing have to do with calculating for maximum impact. I am but an isolated individual trying to take on the incumbent of one of the most powerful offices ever created on this earth. Wrong timing may be suicidal.

I first came to suspect that in injecting F.R. credit in the domestic and world economy the Fed was in violation of the law when former Chairman Alan Greenspan inundated the money markets shortly after taking office following the stock market crash in 1989. My suspicion was that he got away with it by simply reversing the two-step creation of F.R. credit, namely, FIRST STEP: posting collateral; SECOND STEP: issuing F.R. notes and creating F.R. deposits.

Reversing the process would have meant that Greenspan had FIRST issued the notes and created deposits and, SECOND: with them he had purchased

Treasury paper pledging them for the purpose of creating credit *ex post facto* (retroactively).

To the uninitiated this simple reversal may look innocuous enough and, indeed, Greenspan could have argued that nothing more than a simple house-keeping change was put into effect that fell well within his authority. On closer scrutiny, however, it appeared that it was not a housekeeping change at all. It was, if indeed it happened the way I have assumed it did, an instance of usurpation of power that Congress alone has: to amend the Federal Reserve Act. *No abundance of words would change the fact that, if Greenspan had done that, then he had created F.R. credit in blatant violation of the law.* The difference made by the reversal was the difference between issuing F.R. credit *lawfully*, or issuing it *unlawfully*.

To see this just imagine that you are applying for a loan at the bank. The manager lets you sign the note and credits your account with an equivalent deposit. In escorting you to the door he pats you on the back and, when you are on the street, gives you a parting shout: “Don’t forget to drop back with the collateral at your convenience!”

If my allegations came anywhere close to the truth, then it would mean that the pregnant Trojan horse has been dragged up the hill and is now firmly implanted inside of the inner sanctum of the citadel. The Greek soldiers hiding inside the wooden horse were just waiting for the signal to get out of its belly, to fall upon the inhabitants of Troy and murder them in their sleep, women, children and all.

Translate that ancient story of Homer to our present situation and see that pirates have taken over our government’s finances, and are getting ready to help themselves to the public purse. These pirates apparently believe that members of the Legislative Branch, congressmen and senators, are simpletons. They can be easily persuaded that no more than a mere technical housekeeping change is involved. After all it is inconsequential, is it not, whether the cleaning people wash the windows first and scrub the floor afterwards, or whether they do them in the opposite order. The same is true, for the stronger reason, for the experts at the Fed.

Should anyone try to tip off legislators about the prestidigitation, he could always be dismissed as a ‘foggy bottom belly-acher’. Only a heartless economic royalist would deny relief money to the unemployed, the breadwinner with a foreclosed home, and their starving families. Also, remember, Treasury paper was bought by the Fed directly from the Treasury to keep the rate of interest fixed

during World War II. Now we are at war once more combating terrorism. Can we do any less than we did then, to achieve victory?

I have known Congressman Ron Paul for close to forty years. I respect him and I think I can confidently say that he also respects me. He knows I am a careful scholar. I thought of briefing him on my suspicion. On second thought, however, I rejected the idea. It would be unfair to him on account of the scanty evidence I could offer. It would only embarrass him. He would have to fight an army of Fed attorneys, Fed accountants, and Fed economists single handedly. They would easily discredit him. It would be a lonely fight, against the odds, on a slanting field, adjudicated by an umpire bribed with our own money.

A better plan would be to wait until the pirates make a mistake, as they were likely to do after their initial successes. Given enough rope, they might just hang themselves.

I think this is exactly what has happened with QE, the rope the pirates asked for and got. QE I was an enormous over-reach. Yet, incredibly, no one at home or abroad has even questioned its legality. Pirates in the belly of the Trojan horse thought that their hour has struck. They were ready for the massacre.

The combined F.R. credit creation of QE I and II exceeds one trillion dollars. There is no way underneath the Sun to come up with unencumbered collateral of that magnitude to make this miraculous money proliferation legal.

It is time to blow the whistle. It is time for the sacred geese of *Juno Moneta* to honk, sounding the wake-up call for the sleepers to start defending themselves against mortal danger: that of being sold into slavery.

French boys and girls, if you asked them where the French equivalent of the word ‘money’ has come from, would answer: “Why, it means ‘silver’, doesn’t it?” By contrast, most native English speakers don’t know the origin of the English word ‘money’. That’s a pity because the explanation is fascinating. It is wrapped in a fairy-tale like story. Well, schools do not teach fairy tales any more, even if they have a moral on which your life may one day depend.

Many years after the rape of Troy by the Greeks, Rome was similarly threatened by its enemy, the barbarian tribe of the Gauls that invaded the peninsula and put Rome under siege. Inhabitants took refuge in the Capitolium.

The patroness of Rome was the supreme goddess Juno, wife of Jupiter, the father of the Olympian gods and goddesses. The Romans built a magnificent temple for her honor inside Capitolium, the citadel at the top of the hill which doubled up as the Mint where the gold, silver and copper coins of Rome were struck. In the garden around the temple the sacred geese of Juno dwelt.

In the back of the temple the hill was steep and full of cliffs with no roads. The Romans expected the assault to come from the opposite side that was less steep and where the roads were. Accordingly, the Romans left the back of the hill undefended. The invaders decided to take advantage of that. They approached the hill from that side and wanted to surprise the inhabitants under the cover of the night and murder them in their sleep.

They climbed the cliffs. Their plan would have probably succeeded but for the sacred geese of Juno that started honking loud when they noticed the invaders. That in turn woke up the defenders who drove off the enemy and defeated them decisively in the battle that followed next day. Unlike the story of Troy, this one had a happy ending.

The Romans gave thanks to their patroness Juno and thereafter called her *Juno Moneta* (Juno the warner, or Juno the admonitor). And Rome went on to great things. Her coins carried her fame, glory and riches to the far corners of the known world. And because they were minted in the temple of Juno Moneta, people lovingly called them 'money'.

Let this be the wake-up call for America. Terrorism is a red herring. The real enemy is already inside of the citadel. The pirates have taken over the Fed. The sacred geese of Juno are honking loudly.

May Juno Moneta once more save our civilization.

Reference

A. E. Fekete, *Impeach Bernanke!* www.professorfekete.com, April 6, 2011

April 12, 2011.