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THE Libertarian Forum

Joseph R. Peden, Publisher

Washington Editor, Karl Hess

Murray N. Rothbard, Editor

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PEOPLE'S MONEY:

Revolt In Minnesota

The idea prevails that to favor gold or silver money is to be a mossback reactionary; nothing could be further from the truth. For gold (as well as silver) is the People's Money; it is a valuable commodity that has developed, on the free market, as the monetary means of exchange. Gold has been replaced, at the dictate of the State, by fiat paper--by pieces of paper issued and imprinted by the government. Gold cannot be produced very easily; it must be dug laboriously out of the ground. But if paper tickets are to be money, and the State is to have the sole power to issue these virtually costless tickets, then we are all at the mercy of this gang of legalized, sovereign counterfeiters. Yet this is the accepted monetary system of today.

Not only is this system of the State's having absolute control of our money been accepted by Establishment economists; it has been just as warmly endorsed by the powerful "Chicago" branch of free-market economists. Twenty years ago, almost all conservative, or free-market oriented, economists, favored a return to the gold standard and the elimination of fiat paper. But now the gold standard economists have almost all died out and been replaced by the glib, technically expert Chicagoites, to a man scoffers at gold and simple-minded endorsers of fiat paper. The gold standard has died from desertion of its cause by the right-wing and its economists. Numerous right-wingers who should know better yet continue to fawn upon Milton Friedman and his Chicagoites. Why? Presumably, because they have power and influence, and one never finds conservatives lacking these days when it comes to toadying the power.

In the midst of this monetary miasma, there has now come a voice from out of the past, from the Old Right, and it is one of the most heartwarming events of the year.

Two years ago, Jerome Daly, a citizen of Savage, Minnesota, a suburban town just south of Minneapolis, refused to make any further payments on the mortgage which he had owed to his bank. At his jury trial (First National Bank of Montgomery vs. Jerome Daly) in December, 1968 before Justice of the Peace Martin V. Mahoney, a farmer and carpenter by trade, at which the bank tried to repossess the property, Mr. Daly argued that he owed the bank nothing. Why? Because, the bank, in lending him money, had loaned him not *real* money but bank credit which the bank had created out of thin air. Not being genuine money, the credit was not a valid consideration, and therefore the contract was null and void. Daly argued that he did not owe the bank anything.

In making this seemingly preposterous argument, Jerome Daly was being a far better economist--and libertarian--

than anyone knew. For fractional reserve banking--now a system at the behest and direction of the Federal Reserve Banks--is, like fiat paper, legalized counterfeiting, the creation of claims which are invalid and impossible to redeem. Furthermore, Daly contended that this kind of creation of money by banks is illegal and unconstitutional.

Even more remarkable than Mr. Daly's thesis is that the jury unanimously held for him, and declared the mortgage null and void; and Justice Mahoney's supporting decision, delivered last Dec. 9, is a gem of radical assertion of the rights of the people and a thoroughgoing assault on the unwisdom and fraudulence and unconstitutionality of fractional reserve banking.

Bewildered, the First National Bank of Montgomery, Minnesota proceeded in routine fashion to file an appeal with Justice Mahoney for a higher court. But the catch is that in order to file an appeal, the plaintiff has to pay a fee of two dollars. Justice Mahoney, O happy day, refused to accept the appeal on January 22 because Federal Reserve Notes, which of course constituted the fee, are not lawful money. Only gold and silver coin, affirmed the judge, can be made legal tender, and therefore the fee for appeal had not been paid. Justice Mahoney followed this up with supporting memoranda on January 30 and February 5, which are heartwarming blends of sound economics and strict legal constructionism, and which also declared the unconstitutionality of the Federal Reserve Act and the National Banking Act, the capstones of our current interventionist and statist monetary system.

There the matter rests at the moment; but *where* does it rest? We have it on the authority of Justice Mahoney that debts to fractional reserve banks (i.e. the current banking system) are null and void, that their very nature is fraudulent and illegal (in short, that the banks belong to the people!), that Federal Reserve Notes and fiat paper are unlawful and unconstitutional.

Never has there been a more radical attack upon the whole nature of our fraudulent and statist banking system.

Furthermore, with these embattled Minnesotans, their radicalism is not only rhetoric; they are prepared to back it up with still further concrete acts. Jerome Daly has already announced that if any higher court of the United States, "perpetrates a fraud upon the People by defying the Constitutional Law of the United States (Justice) Mahoney has resolved that he will convene another Jury in Credit River Township (where Savage is located) to try the issue of the Fraud on the part of any State or Federal Judge". Daly

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Letter From Washington

By Karl Hess

The Real Rebels

Now, officially, I am an enemy of the state. Now, technically, I am a fugitive from one of the state's national police agencies. Now, fundamentally, I am convinced that in the confrontation between the state and freedom there can be no middle ground, no safe haven, no neutral corner, nook, or cranny.

My own situation is not offered as in any way an exemplary model. It is not a course to be recommended, but simply to be reported. I have for some time refused to sanction or support the state system of this or any nation by the payment of taxes. The Internal Revenue Service's police force is, as a result, now in the process of attempting to seize all property belonging to me. Since my property consists of the tools and books needed to make a living, this action is not simply one of administrative punishment but involves an aspect of survival. I believe in self-defense. Therefore, I will surely attempt to thwart them. This is civil disobedience. Fine.

Also, wherever and whenever possible I have been speaking out against the state and attempting to rally opposition to it. One result has been that the Federal Bureau of Investigation apparently has given to various "conservatives" information from government files which they consider derogatory but which, frankly, I do not inasmuch as it simply attempts to make the point that I tend to be extreme in my political views. True enough. I do believe, as a matter of fact, that extremism in the defense of liberty is no vice and that moderation in the pursuit of justice is no virtue. (Incidentally, I am rather painfully aware of the technique in which the FBI uses its files to defame political dissenters because, when I was on 'the right side', I was given, as were many of my colleagues, substantial FBI data to be used against rebels, reds, and resisters.)

As a result of becoming a rebel in active fact as well as a rhetorical rebel, certain notions regarding resistance to the state have come into sharper focus for me. (Needless to say, I do not mean that a purely rhetorical rebel *cannot* be a real one also. It really depends on whether the rhetoric is, in fact, rebellious or merely windy. My colleague, for instance, is as true a rebel as you will find even though he has not, so far as I know, even been arrested for jaywalking.)

I am more convinced than ever that the state must be resisted, not just debated or evaded. The debate, which has raged in the legislature and even in the courts for generations, has achieved nothing but momentary changes in the velocity of state power development. The direction has never changed. Every year, regardless of the rhetoric of our supposed representatives, the direction of state power has been upward. *This has proven to be a dynamic of the system itself and not merely a function of factions within the system.* There is every reason to believe that the development of central power will virtually reach critical mass under the present highly defensive, repression-minded, centralist 'moderate' or 'progressive' Administration (which is supported, do not forget, by the Conservative establishment as well).

The simplest fact of the improbability of representational

reform is that in order to get elected, as all agree, a man must promise to "do" something for his constituents. Then, to stay in office, he must *actually* do something, or at least appear to. This hardly makes it feasible for the man to resist the state. He must, instead, use it, curry favor with it, or so play the bureaucratic game as to even outpoint it, as in the case of elderly committee chairmen.

Some say, however, that the voters could be 'educated' to elect anti-statist candidates. Since all organs of mass media are either controlled by the state or its state-capital 'partners', and since almost all schools, also, are either owned or controlled by the state, from elementary grades through the university, the means of reaching, in order to educate, tens of millions of voters is obscure at the very best.

Others say that in a time of crisis, at any rate, people might turn to 'anti-statist' candidates for their own self-preservation. Skipping the fact that the notion of an anti-statist candidate is a contradiction in itself, it should be recalled that in this example it is the crisis, not the candidacy that would be the decisive factor. There may be a lesson in that for those who will struggle to learn it.

That I prefer resistance to reform does not, however, mean that I prefer a particular *kind* of resistance. My kind, civil disobedience and sounding off, might not be appropriate for many others. I certainly do not claim that it is the most effective course. It just happens to be what I can do, therefore I do it.

Would not retreat from government be just as effective? Perhaps so, if that *is* what one can do best, or all that one can do. It should be borne in mind, however, that all such retreat is done, ultimately, at the sufferance of the state and under the Damoclean sword of the state. When, or if the retreat irks the state, it will end the retreat. The same applies to those who feel that they can coexist with the state because they measure liberty purely in terms of personal property and profit and highly regard or at least tolerate the state so long as it protects that. The point to remember is the same: all property in a state system exists at the sufferance of the state. When it wishes to take the property, it can.

As a radical American politician once put it: "The state that is powerful enough to give you all you want is powerful enough to take it all away." No better comment could be made upon the illusory hopes of having a state that is both powerful enough to protect you against all ills foreign and domestic and also somehow weak enough never to threaten you.

Finally, there is the matter of alliances. With whom does an enemy of the state make alliances? There may be a million answers of contentions detail. There is only one answer of overall principle: You do *not* make alliances with the state itself, you do *not* make alliances with agents of or supporters of the state—even though you may attempt to change them. The range of alliance, therefore, is restricted to those who also *oppose* the state.

Within that range there may be many variations of principle, many different goals. Those differences should and must determine future actions. Present actions, however, should be determined by present needs. No need is greater than opposition to the state and reduction of its power. Without that reduction of power all meaning of other differences must remain purely academic.

To refuse to oppose the state we have because we fear, for instance, the state we *might* have, is to refuse to grasp reality while trembling before ghosts. (Why not, instead, lay the groundwork for resistance to *all* state power even *while* resisting the one at hand?)

Today, everywhere in the world, it is established and coercive authority that is called into question, that is under siege. Literally, one cannot even go to the moon to avoid it.

How then neutrality here on earth?

The timeless revolutionary question is timely again: which side *are* you on? Are you an enemy or friend of liberty? Are you an enemy or friend of the state? Will you be content to act as an agent of the state, or hide as a refugee from it? Or will you resist it where you can, as you can, when you can?

It is liberty that is the idea most threatening to the state. And all men who hold it as an ideal are enemies of the state. Welcome!

Nelson's Waterloo

President Nixon's sending of none other than Nelson Rockefeller on an extensive tour of Latin America demonstrates Nixon's moral obtuseness to the hilt. Sending Nelson on a fact-finding tour of Latin America is like sending a fox on a fact-finding tour of the chicken coops. And while Americans are conveniently blind to the facts of U. S. imperialism, the people of Latin America--the cooped chickens--are all too well aware of them. They know that Rockefeller is their Emperor, that the Rockefeller Empire, with its intimate blend of political and economic rule, is far more their dictator than any of the petty generals ruling over them can ever hope to be.

And so the people of Latin America, at every stop, gave their hated Emperor the reception which he so richly deserved. Three countries barred his entry, and in virtually every stop, riots, demonstrations, anger were the order of the day. Even Rockefeller's military satraps in charge of the various countries could not keep their subjects in check. All this is prelude to the Latin American Revolution to come, a revolution which will make Vietnam look like a tea party.

The New Deal And Fascism

Interesting new evidence has emerged on the close ties of Roosevelt's New Deal and fascism. George Rawick reports that some ten years ago he spent a considerable amount of time with Frances Perkins, then professor of labor economics at Cornell University and Secretary of Labor under FDR. Madame Perkins related that at the first meeting of the Roosevelt Cabinet in March 1933, Bernard Baruch, financier and key adviser to almost every President of modern times, walked in with his disciple General Hugh Johnson, soon to become head of the NRA, bringing to each member of the Cabinet a copy of a book by Giovanni Gentile, the Italian Fascist theoretician. La Perkins adds that "we all read it with great care." (Additional query: what was Baruch doing at a Cabinet meeting?) To be found in George Rawick, "Working Class Self-Activity", *Radical America* (March-April, 1969), p. 25.

Radical America is an excellent bi-monthly journal of U.S. radicalism, and is the closest thing to a theoretical journal that is associated with SDS. Available at 50¢ per issue or \$3 per year at 1237 Spaight St., Madison, Wisconsin 53703.

"The art of revolutionizing and overturning states is to undermine established customs, by going back to their origin, in order to mark their want of justice."

---Pascal, 1670

HEINLEIN AND LIBERTY: A Warning

One of the more distressing tendencies among American right-wing "libertarians" is a symptomatic willingness to identify popular authors as freedom-loving if they so much as use the term liberty in their works. The undisputed guru of this coterie is Robert A. Heinlein, writer of scores of science fiction short stories and novels; his book, "The Moon is a Harsh Mistress", is often singled out as representative of "anarchist" or "libertarian" science fiction. It is an enthralling novelette describing a futuristic moon colony which rebels against planet Earth under the aegis of a small group of classical liberals who have come into power via revolution. The rhetoric of these bourgeois revolutionaries is unabashedly Randian, although a signal character is identified as a "rational anarchist".

"Moon" is the latest production of the prolific Mr. Heinlein, noted also for "Stranger in a Strange Land", which supposedly captivated the attention of hip people several years ago. One would expect Heinlein to be somewhat sympathetic to the Movement, having read his utopian creations which hint at the possibilities of an open society; to the contrary, a bitter awakening is in store for Heinlein fans who are more than armchair devotees of liberty.

According to a February issue of *National Review* magazine, Robert Heinlein is one of 270 signers of a jingoist petition circulated in the U. S. Author's Guild by the facile William Buckley and his spiritual cohort Frank S. Meyer. The petition, a belated retort to an earlier anti-Vietnam war

roster of authors (which was eminently successful), calls for "the vigorous prosecution of the Vietnam war to an honorable conclusion." Deep contemplation is not necessary to comprehend the statist, authoritarian implications of such New Right weasel words and the concomitant beliefs of men who would endorse it.

Only one other science fiction writer joins Heinlein in the missive, Poul Anderson; the other signatories are well known in the rightist arsenal (Stefan Possony, Eugene Lyons, Brent Bozell, John Dos Passos, Francis Russell . . . *ad nauseam*). The case of Robert Heinlein is useful in evaluating both the politics of his followers and the commitments of entrenched and established American writers: It is clear that a writer cannot serve two masters, both justice and the mighty dollar--one must give way, if not on the written page, then in one's personal life. While Heinlein has never been so explicitly libertarian as to be judged hypocritical, the lesson remains an open and obvious one.

An interesting footnote to this question comes from our British comrades: Several years ago, in *Anarchy* magazine, the monthly publication of Freedom Press in London, an article appeared on science fiction in the English language, in which Heinlein was singled out as "the only fascist science fiction writer in America." This prophetic note comes from a libertarian community that has no need for propertyed quislings.

--- Wilson A. Clark, Jr.

REVOLT IN MINNESOTA —

(Continued from page 1)

adds, moreover, that the Constable and the Citizens' Militia of Credit River Township are prepared to use their power to back up the jury's decision and keep Mr. Daly in possession of his land. The people of Savage, Minnesota, in short, are prepared to fight, to resist the decrees of the state and federal governments, to use their power on the local level to resist the State.

Many dimwits in the libertarian movement--and they are, unfortunately, legion--have charged that in recent years, I have simply become a "leftist". From the literature of Mr. Daly and his supporters, it is quite clear that this is a heroic band of Old Rightists, of people who have *not* been nurtured on *National Review* or the lesser organs of current Right-wing opinion. I am equally and eagerly as willing to hail their libertarian action for the people and against the State, as I am such "leftist" actions as People's Park.

The test, as Karl Hess indicates in this issue of *The Libertarian Forum*, is action; action now *vis à vis* the State. Those who side with the liberties of the people against the government are our friends and allies; those who side with the State against the people are our enemies. It is as simple as all that. The problem, as far as the Right goes, is that in recent years there have been zero actions by the Right against the State; on the contrary, the Right has almost invariably been on the side of the State: *against* the demonstrators at Chicago, *against* People's Park, *against* the Student Revolution, *against* the Black Panthers, etc. If the test is, as I hold it to be, action, and "which side are you on, the people or the State", and *not* the closeness of agreement on the fifth Lemma of the third Syllogism deduced from whether or not A A, then the Right-wing in recent years--and this means the entire right, from Buckleyites and Randians straight through to phony "anarchists" (or "anarcho-rightists")--has been a dismal failure. Indeed, it has ranged itself on the side of the Enemy. Thus, in the matter of tax resistance, ten or fifteen years ago the banner of tax refusal was carried by such "rightists" as Vivien Kellems; now the self-same flag is carried by such "leftists" as Joan Baez.

If the "libertarians" of the Right-wing are at all interested in my approbation, there is a simple way to attain it: to acquire one-hundredth of the fortitude and the revolutionary spirit of the New Left resisters against the State; to return to the tradition of Sam Adams and Tom Paine, of Garrison

and John Brown, and, in recent years, of Frank Chodorov and Vivien Kellems. Let them return to that great tradition or let them, as rapidly as possible, sink into the well-deserved dustbin of history.

In the meanwhile, all hail to the heroic rebels of Savage, Minnesota, to the perceptive and courageous Jerome Daly and Justice Martin Mahoney. Anyone who wishes to read the full documentation of this case can write to Jerome Daly, 28 East Minnesota St., Savage, Minn. 55378. Anyone who wants to contribute funds (in donations of \$1 or more) to carry this case to the Supreme Court is urged to send his checks to the Minnesota Action Fund, 628 Stryker Ave., St. Paul, Minn. 55107.

Recommended Reading

RAMPARTS. August 1969 issue. An all-star issue, featuring the best and fullest report to date on the battle of People's Park. Also: a perceptive article on Mel Laird by Karl Hess, a stress on the central importance of Vietnam by Franz Schurmann, and a superior piece of Rocky-baiting by David Horowitz.

Michael Gamarnikow, *Economic Reforms in Eastern Europe* (Wayne State University Press). The best single book on the remarkable rush of the Communist countries of Eastern Europe to shift from central planning to a free market. Unfortunately omits Yugoslavia.

Harry Magdoff, *The Age of Imperialism* (Monthly Review Press, paper). Useful material on current U.S. imperialism, particularly on banking connections and foreign aid.

Scott Nearing and Joseph Freeman, *Dollar Diplomacy* (Monthly Review Press, paper). Reprint of the first great dissection of early twentieth-century American imperialism.

Jack Newfield, "T. H. White: Groupie of the Power Elite", *The Village Voice* (July 17, 1969). Brilliant and acidulous dissection of the best-selling political reporter "Teddy" White.

Peter Temin, *The Jacksonian Economy* (W. W. Norton, paper). Refutes the standard historians' myth that Jackson, by his war against the Second Bank of the U.S., engendered bank inflation and then collapse.

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