

Lecture #3 – Constitutional Economics, Constitutional Money

Video Study Questions

The Economic Recovery of the 1790s:

- 1.) “Tranquility reigns . . . Our public credit stands on that _____ which three years ago it would have been considered a species of _____ to have foretold.”

- George Washington, July 20th, 1791

- 2.) List the five traits of sound money:

- _____
- _____
- _____
- _____
- _____

- 3.) According to the Coinage Act of 1792, a U.S. Dollar was defined as _____

- 4.) Under the same Coinage Act, what was the penalty for counterfeiting? _____

Powers delegated by the Constitution:

- 5.) Who has the power to . . . (connect all that apply)

Coin Money	We the people
Emit Bills of Credit	The States
Establish a standard of weights and measures	U.S. Congress
Use nothing but Gold & Silver Coin as legal tender	No one

Types of money:

- 6.) Matching (connect all that apply)

Gold & Silver	Fiduciary
Paper backed by Gold	Commodity
Paper backed by law	Fiat
Chickens	Bill of Credit
Monopoly money	
Today's Federal Reserve Note	

- 7.) Inflation is (circle all that apply):

- A.) Rising prices
- B.) a sign of a healthy economy
- C.) an increase in the amount of currency, *resulting in* rising prices
- D.) theft

- 8.) When the U.S. Dollar is inflated, where does the **value** of the newly created money come from? _____

- 9.) Under the TARP Bill, Congress authorized \$850 Billion in banking industry bailouts. How much **more** did the Federal Reserve provide through **under-the-table bailouts**? _____

Myth vs. Fact:

- 10.) The Federal Reserve is:

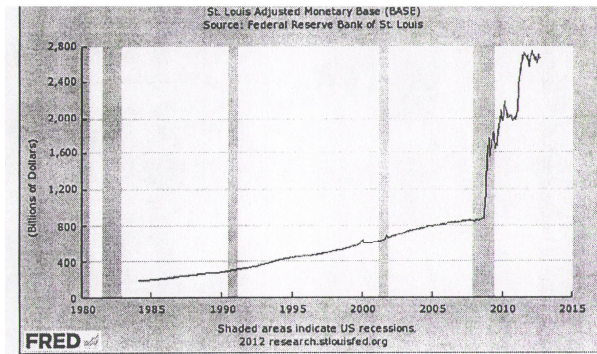
- A.) A fourth branch of the Federal Government
- B.) A department of the Executive Branch
- C.) An unaccountable, privately owned corporation
- D.) Independently run, but government owned and ultimately controlled by Congressional oversight

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Group Discussion Questions

#1. The chart to the right, published by the Federal Reserve Bank of St. Louis, shows the monetary base of U.S. Dollars (amount of money). Notice the stark change in monetary policy in the last few years.

Question: *As all this new money enters widespread circulation, what could this do to the value of the dollar?*



#2. The Constitution granted Congress the power to “coin money”, but forbade such power to the states. Neither one was allowed the power to “emit bills of credit”.

Question: *Exactly what is Constitutional money?*

#3. Lord Mayer Amschel Rothschild declared, “Let us control the money of a nation, and we care not who makes its laws.”

Question: *How does control of the money lead to control of a nation? What are the dangers of a private money monopoly?*

#4. It is clear that if we do not change our monetary system, it must fail, leading to economic collapse and chaos.

Question: *How do we “End the Fed” without killing the economy in the process?*

ADDITIONAL STUDY

From the class materials packet:

Read the booklet “Dollars and Sense”

Watch the DVD “Dollars and Sense”

From www.TheNewAmerican.com search for the following articles:

[A Crisis of Dollars and Sense](#)

[Our Monetary Mayhem Began With the Fed](#)

[Austrian Economics Rising](#)

[Fed Audit: Trillions For Foreign Banks, Conflicts of Interest](#)

Books available from www.shopjbs.org

The Creature From Jekyll Island, by G. Edward Griffin

Economics in One Lesson, by Henry Hazlitt

ANSWERS from other side: 1. high ground, madness 2. Intrinsic worth, Divisible, Portable, Durable, Relative Scarcity 3. 371.25 grains of fine silver 4. Death 5. Coin money = Congress, Emit Bills of Credit = We the people, Establish a standard of weights and measures = Congress, Use nothing but Gold and Silver coin = the States 6. Gold & Silver = Commodity, Paper backed by gold = Fiduciary and Bill of Credit, Paper backed by law = Fiat, Chickens = Commodity, Monopoly money = Fiat, Today’s Federal Reserve Note = Fiat 7. C & D 8. It is stolen from the value of everything held in US Dollars, including cash in circulation, savings accounts, 401K investments, life insurance policies, etc. 9. Over \$16 Trillion 10. C