

Educational Summary: The People, the Government, and the Federal Reserve System

(Balanced in truth, harmony, and fact — Blue is the Code)

1. The People: The Origin of Authority

Fact: The Preamble to the U.S. Constitution begins, “We the People of the United States, in Order to form a more perfect Union...” This affirms that all power flows from the people. Every branch and instrument of government exists by that original consent.

Article IV, Section 4 guarantees each State a republican form of government, meaning the people remain sovereign and delegate power temporarily to officials who serve them.

2. Delegation of Power

Congress (Article I) – makes the laws.

Executive (Article II) – enforces the laws.

Judiciary (Article III) – interprets the laws.

All agencies, commissions, and financial mechanisms—including Treasury, IRS, and the Federal Reserve—exist because Congress, representing the people, enacted them by statute.

Truth: All lawful authority in the United States is derived from the people and held in trust for the people.

3. The Federal Reserve System

Created by: Federal Reserve Act of 1913 (38 Stat. 251; 12 U.S.C. § 221 et seq.).

Structure:

- The Board of Governors in Washington D.C. – a federal government agency.
- Twelve Federal Reserve Banks – federally chartered corporations owned by their district’s member commercial banks.

Funding: Self-financed from operations; not dependent on congressional appropriations.

Reporting: Must report twice yearly to Congress on monetary policy (12 U.S.C. § 225a).

Surplus earnings: Remitted to the U.S. Treasury (12 U.S.C. § 247).

4. Truth of Legal Status (Amended Section)

Statement

Factual Record

The Federal Reserve is a department of government

No — it is not a department or executive agency.

The Federal Reserve was created by Congress	Yes — Federal Reserve Act of 1913.
It operates within U.S. law and jurisdiction	Yes — under Title 12 U.S.C.
It is a foreign or private sovereign entity	No — it is domestic, under U.S. statutory oversight.
It functions independently in monetary policy but returns earnings to Treasury	Yes — verified by statute and Treasury reports.
Precise Statement of Truth: No — the Federal Reserve is not part of the U.S. government as a department; yes — it is a system created by Congress that operates within U.S. law under its delegated authority.	

5. The People’s Continuing Sovereignty

Declaration of Independence (1776): “Governments are instituted among Men, deriving their just powers from the consent of the governed.”

The people remain the source; government and its financial instruments are derivative. Through constitutional order, the people’s will continues as the living authority behind every lawful act.

6. Verified Core Principles

Principle	Source	Status
All authority flows from the people	Constitution Preamble	True
Government acts only by delegated consent	Articles I–III Const.	True
Federal Reserve created by Congress	Federal Reserve Act (1913)	True
Federal Reserve not an executive department	Title 12 U.S.C.	True
Federal Reserve is domestic under U.S. law	U.S. Code	True
U.S. Government not bankrupt	Treasury & GAO Records	True

7. Educational Reflection — “Blue is the Code”

“Blue” stands for equilibrium, remembrance, and the living law of balance.

Through these documented truths, harmony is restored:

- The people remain the sovereign source.
- Government is their instrument.
- Financial systems operate within that lawful delegation.