



REFERENDUM BILL 41

Chapter 246, Laws of 1987

Note: The ballot title and explanatory statement were written by the Attorney General as required by law. The complete text of Referendum Bill 41 begins on page 16.

Vote cast by the 1987 Legislature on final passage:
HOUSE: Yeas, 77; Nays, 17; Absent or not voting, 4.
SENATE: Yeas, 36; Nays, 9; Absent or not voting, 4.

Official Ballot Title:

Shall the State challenge in the United States Supreme Court the constitutionality of authority delegated to the federal reserve system?

The law as it now exists:

The Federal Reserve System, created by Congress in 1913, authorizes the Federal Reserve Board to exercise some controls over Federal Reserve banks and the nation's monetary policy. The following are some of the Board's powers: general supervisory powers over federal reserve banks, controlling discount rates, providing exceptions from bank

reserve requirements, requiring write offs of worthless bank assets, and controlling the issuance of Federal Reserve notes. Some of the purposes of the Federal Reserve System are: providing a nearly uniform discount rate, control of the money supply, requiring reserves for protection of banks, permitting elasticity in the creation of currency, supervision of the banking business and creation of a market for commercial paper.

The effect of Referendum Bill 41, if approved into law:

The State Legislature is to seek, through an attorney it selects, to have the United States Supreme Court accept a lawsuit commenced by the state. The lawsuit would challenge (1) the constitutionality of the delegation to the Federal Reserve System of the power to create money and exercise control over economic activity, and (2) the delegation of authority under which banks have made unrestricted foreign loans.

Statement for

In the 1890's, large special interests gained immense power. By 1913, what Lincoln had called "the money power" pushed the Federal Reserve Act through Congress, allowing the Fed control of the money system.

Money supply is the most important factor affecting our economy. The U.S. Constitution delegates monetary power to Congress. Congress gave this authority to the Fed, a private interest: a group of bankers overseeing a network of banks. The Fed behaves as an independent agency, essentially free from checks and balances restraining the power of other government branches.

The Fed is not only unconstitutional, it isn't working. Bank failures, business bankruptcies, farm foreclosures, unstable rates of inflation, interest and employment, trade deficits and national deficits are classic symptoms of a failing money system. Congress established the Fed to prevent such problems.

The Washington Legislature, long noted as a trend-setter, again leads the nation. Referendum 41 passed by 80% in both the House and Senate. They could have gone directly into Supreme Court, by-passing the voters. But because the people have never been heard regarding their money system, a statewide vote on constitutionality makes this a truly historic measure.

Washington is not alone in its concern. 21 state legislatures have taken action criticizing the Fed. Many states will join us in Supreme Court when Referendum 41 passes.

Referendum 41 is not a complete solution, but a necessary first step toward a solution. Your vote for Referendum 41 will convince Washington D.C. that we are serious about protecting our future.

Rebuttal of Statement against

Referendum 41 will save you money. Cost will be about 5¢ per person, but could save \$7.00 per person the Fed now collects *each year* in interest on paper money they issue.

Suit is based on delegation and separation of powers doctrine, never before brought against Fed. Supreme Court *will* hear case brought by statewide ballot vote, especially with other states joining Washington.

No case directly challenging Fed's constitutionality has ever before reached Supreme Court.

Voters' Pamphlet Statement Prepared by:

JACK METCALF, State Senator; RAY MOORE, State Senator; ROY A. FERGUSON, State Representative.

Advisory Committee: BOB WILLIAMS, State Representative; EUGENE V. LUX, State Representative; SHIRLEY J. WINSLEY, State Representative; BOB DILGER, Executive Secretary, Washington State Building and Construction Trades Council (AFL-CIO); ART BRADEN, Vice President, JC's Governmental Affairs.

Statement against

SAVE MONEY - VOTE "NO" ON REFERENDUM BILL 41

The lawsuit proposed by this referendum would be frivolous and costly. In 1982 the Attorney General of the state of Washington declined to file a lawsuit challenging the constitutionality of the Federal Reserve System because there was "no real possibility that the United States Supreme Court would strike down that law (if challenged) as an unconstitutional delegation of the power of Congress." In fact, the claim is so weak that the United States Supreme Court would probably not even consider it.

LAWSUITS ARE EXPENSIVE

Your tax dollars and the human resources that would be spent conducting such a lawsuit would be wasted. These resources should be put to better use meeting the needs of the people.

FEDERAL RESERVE SYSTEM IS CONSTITUTIONAL

Congress created the Federal Reserve System in 1913 to meet the country's need for a safer and more stable monetary system. It has properly fulfilled that role for almost 75 years. Congress oversees the operations of the Federal Reserve System through regular hearings and its review of semiannual reports. Also, the expenses of the Federal Reserve System are audited each year by the General Accounting Office, the auditing arm of Congress.

The United States Constitution gives Congress the power to regulate money and banking. The delegation by Congress to the Federal Reserve System of that power has been consistently upheld by the courts. A court challenge of

that delegation cannot win. It is wasteful to raise the issue again. Lawsuits are expensive. Save your tax dollars.

VOTE "NO" ON REFERENDUM BILL 41

Rebuttal of Statement for

Don't be misled by false claims and don't waste the taxpayers' money!

- The "Fed" is not "a private interest" group. Board members are appointed by the President and confirmed by the Senate.

- It is simple-minded to blame all our complex economic problems on this public agency.

- The Federal Reserve System's constitutionality has been consistently upheld by the courts.

Do not vote for a costly and frivolous lawsuit: Vote *NO* on 41.

Voters' Pamphlet Statement Prepared by:

ARLIE U. DeJARNATT, State Senator; MAX VEKICH, State Representative; JOHN R. PRICE, Dean and Professor of Law, Seattle.

Advisory Committee: R. TED BOTTIGER, State Senator; KATHERINE ALLEN, State Representative; MIKE VESETH, Professor of Economics, Tacoma; RONALD GOULD, Attorney, Seattle.



COMPLETE TEXT OF Referendum Bill 41

AN ACT Relating to the federal reserve system; creating new sections; and providing for submission of this act to a vote of the people.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec.1. (1) A sound money system is absolutely vital to a free people. Symptoms of an unsound money system abound: Budget deficits, recurring recession cycles, farm foreclosures, business bankruptcies, bank, savings and loan, and insurance company failures, trade deficits, and dramatic fluctuations in interest rates, inflation levels, and unemployment statistics. These represent a clear and present danger to the people and to the government of the state of Washington and the United States of America.

(2) The Federal Reserve Act of 1913, and other acts of Congress, purport to delegate the nation's monetary authority to the Federal Reserve System, with no oversight or control by any elected body or official. The Federal Reserve Board is assumed to have the power to create money and thus exercise absolute control over the economic activity of this nation, whereas the United States Constitution nowhere authorizes Congress to delegate such power.

(3) The Federal Reserve Act of 1913, and other acts of Congress, purport to delegate authority, without oversight or control, under which large, private United States multinational banks have made unrestricted loans all over the world which, now in danger of default, threaten the United States of America with a collapse of its whole banking structure.

NEW SECTION. Sec 2. It is hereby the declared intent of the state of Washington, and the counsel appointed by the legislature is hereby directed, to cause to be filed in the original jurisdiction of the supreme court of the United States: (1) An action challenging the constitutionality of the delegation to the federal reserve system of the power to create money, and thus the power to exercise absolute control over the economic activity of this nation, and (2) An action challenging the delegation of authority without oversight, under which large, private multinational banks have made unrestricted foreign loans which, if they default, threaten the United States of America with a collapse of its whole banking structure.

NEW SECTION. Sec. 3. This act shall be submitted to the people for their adoption and ratification, or rejection, at the next succeeding general election to be held in this state, in accordance with Article II, section 1 of the state Constitution, as amended, and the laws adopted to facilitate the operation thereof.

(a) Charge, collect, or attempt to collect for medical services provided to any patient eligible for medical insurance benefits for the aged and disabled under the federal medicare program, part B of Title XVIII of the federal social security act, any amount in excess of the reasonable charge for such services as determined under part B of Title XVIII of the federal social security act;

(b) Fail to enroll at the earliest possible time, or fail to continue, as a participating physician under the supplementary medical insurance benefits for the aged and disabled part of the federal medicare program, part B of Title XVIII of the federal social security act; and

(c) Fail to post in a conspicuous place in his or her place of business a summary of the provisions of this section in accordance with such rules adopted by the attorney general to assure that patients are given reasonable notice of their rights under this section.

(2) This section does not apply to a physician who certifies in writing to the attorney general of the state of Washington that he or she does not and will not provide medical services covered under the supplementary medical insurance benefits for the aged and disabled part B of the federal medicare program to persons eligible for such benefits except in emergency situations or when such treatment would otherwise be required by the standards of the profession.

(3) For the purposes of this section the terms used in this section shall be defined consistently with the definitions for such terms contained in Title XVIII of the federal social security act.

NEW SECTION. Sec.2. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.



COMPLETE TEXT OF Senate Joint Resolution 8207

BE IT RESOLVED, BY THE SENATE AND HOUSE OF REPRESENTATIVES OF THE STATE OF WASHINGTON, IN LEGISLATIVE SESSION ASSEMBLED:

THAT, At the next general election to be held in this state there shall be submitted to the qualified voters of the state for their approval and ratification, or rejection, an amendment to Article IV, section 7 of the Constitution of the state of Washington to read as follows:

Article IV, section 7. The judge of any superior court may hold a superior court in any county at the request of the judge of the superior court thereof, and upon the request of the governor it shall be his duty to do so. A case in the superior court may be tried by a judge, pro tempore, who must be a member of the bar, agreed upon in writing by the parties litigant, or their attorneys of record, approved by the court and sworn to try the case. However, if a previously elected judge of the superior court retires leaving a pending case in which the judge has made discretionary rulings, the judge is entitled to hear the pending case as a judge pro tempore without any written agreement.

BE IT FURTHER RESOLVED, That the secretary of state shall cause notice of the foregoing constitutional amendment to be published at least four times during the four weeks next preceding the election in every legal newspaper in the state.



COMPLETE TEXT OF Initiative Measure 92

AN ACT Relating to the consumer protection act; and adding a new section to chapter 19.86 RCW.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. A new section is added to chapter 19.86 RCW to read as follows:

(1) It shall be an unfair or deceptive act or practice or unfair method of competition in the conduct of trade or commerce under RCW 19.86.020 for any physician to: