North American
Historical Law Society Trust

The New Currency Wars

by Alan David 3/ 2 /2020.

This is Part 3 in an ongoing series of Articles on economic warfare: "The New Currency Wars".

"You must consider the whole part played by electricity in nature ...human beings cannot go on developing in the same way in an atmosphere permeated on all sides by electric currents and radiations. It has an influence on the whole development of man ...this life of man in the midst of electricity, notably radiant electricity, will presently affect them in such a way that they will no longer be able to understand the news which they will receive so rapidly. The effect is to damp down the intelligence. Such effects are seen today. Even today you can notice how people understand the things that come to them with far greater difficulty than they did a few decades ago"
Rudolph Steiner, 1924,

quoted in youtube clip titled:
"Alert: Everyone needs to pay attention to this! It's happening 2020"
January 10, 2020 by Anonymous Official.

"*Section 704 was passed in 1996, this is how they gave the power to regulate the health effects of wireless technology to the F.C.C*." (Federal Communications Commission)

Quote from Congressional Testimony
in Youtube.com clip
"This Will Knock Your Socks Off in Terms Of Reality !"
at 12:50

Does anyone know if the FCC has a license to practice medicine ? How are they qualified to diagnose the health effects of 'radiant electricity' or '5G' on the human body, including the brain and internal organs ?

"Last November the US Government auctioned off the last of the Digital spectrum that will be used for 5G. The total cost was $60 billion."

Notice from investment service on coming 5G Grid received by this writer after October 2019.

I got an email from Adam Mesh saying the following:

"*I wanted to share with you a special message from Daily Bitcoin Report, one of our best and most trusted partners* !"

Dear Alan,
"Anything that you can conceive of as a supply chain, blockchain can vastly improve its efficiency - it doesn't matter if its people, numbers, data, money." - Ginni Rometty, CEO IBM"

A very strange message to get in my email, for sure !

There has been a lot of accelerated activity around the world regarding coming changes in the global economic system, which, in light of the foregoing quotes has been contemplated and planned for a substantial length of time. What I have discovered is that the technology for crypto currency, called Block Chain, is also going to be used for security in the swiftly emerging 'internet of things', otherwise known as the 'global smart grid', which also involves the fast approaching 5G global network which they say will generate 100 times more energy than the 4G system it is replacing. A different name for '5G' is 'full spectrum' technology.

The information I have, says that there are 42,000 low orbit satellites, around the world, planned for the operation of this 'world smart grid', which also includes 'AI' or 'Artificial Intelligence', which is what the driver-less cars, which you may see from time to time out on the streets and highways, are operated by, again, through the satellite system above your head !

According to Dave Mosher in an Article dated Nov. 16, 2016, 'SpaceX', the aerospace company founded by Elon Musk, asked permission to launch 4,425 satellites. Later in another Article by Mosher, it was stated that SpaceX requested permission to launch another 30,000 satellites. Recently that information was updated, which is partially set out hereafter, in an excerpt from another Article located on the web at: https:// www. Business insider.com, an excerpt from which follows below;

"SpaceX may want to launch 42,000 internet satellites—about 5 times more spacecraft than humanity has ever flown"

By Dave Mosher Oct 17, 2019, 12:58 PM

"SpaceX, Amazon, OneWeb, and reportedly even Apple plan to collectively launch tens of thousands of internet-beaming satellites over the next decade. SpaceX, founded by Elon Musk, has the most ambitious plans with approval from the US government to launch nearly 12,000 of its Starlink satellites — *though it's seeking permission to launch a total of 42,000."*

Presently, they say that there are 18 wheeler driver-less trucks being tested in a few locations, one of which is the state of Arizona, and A.I. 'Nano bot' machines on wheels going door to door delivering merchandise for the company Amazon, in San Diego, California. I am informed that this 'A. I.' system includes 'Nano Technology', which is considered to be 'space age'

technology ! There has been an Association of a number of the biggest tech corporations formed by an agreement to co-operate in Accelerating the completion of the coming "Internet of Things", or the "Global Smart Grid". Included in this organization is Google, Amazon, Facebook, and Apple, some of which have also been in China assisting them in erecting their new system, according to reports over the last several years. Now it looks like energy utility companies are getting into the blockchain technology game, soon to go around the whole world !

Recently, in an Article published on Merkle.com, it was revealed that *a well known European energy company by the name of 'LCG Energy' announced that it is the first utility provider to adopt blockchain technology.* LCG Energy was Founded in 2008.

With more than 10 years of experience, and record high revenue in 2019, with more than 55,000 customers in Germany & Austria, the company is one of the largest energy companies in Europe.

It is said that the company is currently in the process of acquiring "multiple renewable energy projects worth more than €80 million, providing its investors with green investment opportunities yielding >20% ROI and allowing it to reach a projected revenue of €200 million in 2020".

Further, they say "*the company has been working on a full-fledged energy ecosystem for the past two years, producing a "revolutionary integration between Smart Meters and blockchain technology*" that will greatly improve the meters operation and communication with the utility company.

What is more, *blockchain enables advanced automation through artificial intelligence and machine learning algorithms*, which allows for a much better efficiency and lower operational costs.

***Using blockchain technology, they say, utility companies and power plants will have much higher security levels*, which is an issue with the increased digitization of such facilities.**

By implementing the digital blockchain platform, LCG Energy aims at making energy-related services more accessible than ever before, providing access to a wider variety of different services & products to customers *with no geographical restrictions*. The payments through the platform will facilitate all payments by way of the 'Ethereum blockchain', offering higher security & convenience.

LCG Energy is licensed by the German & Austrian state Federal Network Agencies for Electricity, Gas, Telecommunications, Posts & Railway. *The company has subsidiaries in 5 European countries*, with estimated revenue of nearly 90 million EUR for 2019.

A crypto Currency token for LCG Energy has been designed, and the Initial Coin Offering will commence in 3 phases. With a successful private sale & over $10 million invested, contributors can now participate in the private sale & with a 15% bonus on their investment. In March 2020, the final third round will start & will end on April 30. For more information about the project & the company behind it you can visit https://lcg-group.de/ .

Squeezing The US Dollar In A Global Currency War ?

In an Article which I previously cited in parts 1 & 2, Teeka Tiwari revealed that he had attended a private conference called " Bretton Woods II ", and further revealed that there are reportedly 14 individual States inside the United States of America which are developing their own crypto currencies, backed by Gold, which are planned to be under a 'New Gold Standard' & apparently plan to separate themselves from the Federal Reserve Banking system....which of

course, will put a bit of pressure on the currency system in the USA, specifically speaking, *pressure* on the *'US Dollar'* !

Add this to the fact it is claimed that *at least 4 Billionaires have purportedly declared war on the US Dollar, by adopting their own forms of a global crypto currency,* which apparently will extend outside of the geographical United States, *it would appear there is a planned design and strategy to squeeze the US Dollar , squeezing it from both within and without the physical geographic United States, making it much weaker, as to potentially cause its collapse in the near future .*

Further more, I have information which I will elaborate on later, that billionaire George Soros has declared war on the US Dollar as well !
All these facts make it clear, that we are all in the middle of economic warfare !

According to Tiwari, the states of Arizona, California, Colorado, Georgia, Illinois, Kansas, Montana, Nevada, New Hampshire, New York, Tennessee, Texas, Wyoming, are developing a gold backed crypto currency that may lead to a separation from the Federal Reserve Banking system.

Since issuing this information, Tiwari issued an update stating that he just found out that another state, Ohio is looking into the possibility of doing the same, as well as a part of the state of Florida, which makes a total of 15 states that are now possibly threatening to leave the Federal Reserve Dollar currency in the near future.

Though Teeka may be unaware of it, the conference he recently attended was not the first conference titled Bretten Woods II !
Back in 2010 there was such a conference sponsored by said Billionaire George Soros, and I have a 12 part video series which I took extensive notes from, presenting the details and plans that came out of that conference which will be covered in another part of this

series. The first United Nations Monetary and Financial Conference at Bretton Woods, New Hampshire, was held on July 1-22, 1944, according to information available on line and in various books written about it.

The multilateral agreement establishing the "IMF "International Monetary Fund", was purportedly signed after the 22 days of conferencing in July, 1st - 22nd, during meetings of some 730 delegates from 44 Nations. This agreement is said to have established the rules for commercial and financial relations between the United States, Canadian, western European countries, Australia and Japan. The agreement is said to have been the first of its kind among so called "independent states".
The delegates are said to have met at the Mount Washington Hotel, in what is said to have been *an attempt to rebuild the international economic system, while World War II was still on-going*.

This was also known as the "United Nations Monetary and Financial Conference". The system that was adopted by the delegates featured an obligation for each participating member country to establish a monetary policy to maintain an external exchange rate within 1 percent by tying the countries currency to gold.

The United States used its leverage of 'control' of 2/3 of the worlds gold, to insist the new system be based on both gold and the US Dollar, *thus making the US Dollar the "World Reserve Currency"* , though the Soviet Union failed and refused to sign off on the agreement, complaining that the institutions established under it were merely "*branches of Wall Street* ".
The IMF, became operational in 1945, which is also the year that the United Nations Charter was signed in San Francisco California after the end of WW II. Some people falsely believe that this was when the United Nations was first created, but that is erroneous. The United Nations was actually initially established in 1942, as an "Association of Nations", which is clearly stated on their web site.

It is said that the Bretton Woods "agreement" was effectively terminated by the United States on August 15, 1971, when President Richard M. Nixon

completed the removal of the US Dollar, from the Gold Standard which had begun many years earlier in 1933, when a debt note currency system was instituted by the US Congress, who have been gradually, by degrees implementing the total removal of the US Currency from any connection with a gold standard, since 1933, when Congress purported to remove the Nation off of the National Gold Standard, by statute, during the Administration of Franklin Delano Roosevelt, who had issued an Executive Order, seizing gold, under the National Banking Emergency, after all the Governors of all the States had declared Banking Emergencies inside their individual States, in the year 1932,..... as if they were all reading from the same script ?.....

Roosevelt also declared a National Bank Holiday, the following year 1933, during which "Holiday" all Banks were closed, after attending the National Governors Association Conference in 1932 after he was elected.

Though people were aware that Congress removed the US from the "Gold Standard" in 1933, it is not so well known that the previous year, in 1932 Canada was also removed from the Gold Standard, & the year prior to that, 1931, Britain was removed from the Gold Standard.

Based on this information, it does appear there was an organized movement against the "Gold Standard". It actually turns out that there is a long history of war against the "Gold Standard" in this world.

It is written about extensively by a man named Anthony C. Sutton, who was born in London, in 1925, and was educated at Universities of London, Gottingen, and California. He became a citizen of the United States in 1962, the year before President John F. Kennedy was publicly assassinated in Dallas Texas in 1963.

Sutton was a research fellow at the "Hoover Institute for War And Peace, founded at Stanford University in 1919 by the late President Herbert Hoover, *which was said to be a center for advanced study & research on public and international affairs in the twentieth century.*

Sutton *wrote a series of 3 Volumes of books titled "WESTERN TECHNOLOGY & SOVIET ECONOMIC DEVELOPMENT*".

In 1977 Anthony Sutton wrote a book titled "The War On Gold", where he stated that the United States *had the largest gold supply on Earth stored in Fort Knox and in Federal Reserve Banks, and further stated that the U.S. had the highest standard of living & technology, and, "three decades later" "the United States is wracked by internal, political, and moral problems, inflation and self doubts."* "the worlds most powerful nation had been defeated by a third rate country in a wasteful no win war", apparently referring to the "Viet Nam War",*which was, in Reality not a war declared by the US Congress, but a "United Nations Peace Keeping Action" in which the USA had no power over decision making or managerial authority over the so called "War ", that was done by the "U.N. Security Council " !*

Sutton goes on in the book to say :

" Half of its gold stock had been lost, and it had short term liabilities to foreigners totaling almost ten times the value of what gold it still owned. What happened, and why ?"

Sutton goes on to say that this book of his, was 'publicized' as a definitive study of the past, present, and future, of the metal, *gold*, and *the gold standard*, that "*Keynesian economists and political schemers have denounced as a ' " barbarous relic" '*.

According to Sutton, "the war on gold" "began several centuries ago, when politicians discovered they could print limitless amounts of paper currency for a small fraction of the cost of using gold as money"*, proclaiming that it had accelerated in recent years, as the United States acquired a paper debt of a trillion plus dollars, massive Federal deficits that led to double digit inflation, as *"internationalists plotted to create a New World Order "

In the Constitution of the United States of America, which came out of the Constitutional Convention of 1787, held in Philadelphia Pennsylvania, it provides under "Article 1, Section 10" the following express and mandatory language:

"No state shall enter into any Treaty, Alliance, or Confederation; grant Letters of Marque or Reprisal; coin Money; emit Bills of Credit; *make any*

thing but gold and silver Coin a Tender in Payment of Debts **; pass any Bill of Attainder, Ex Post Facto Law, or Law impairing the Obligation of Contracts, or grant any Title of Nobility."**

In 1934, after the purported granting by the US Congress of Extraordinary Executive Emergency War Powers in 1933, to President Franklin Delano Roosevelt, the Supreme Court of the United States of America, Ruled in the published case of: *Home Building & Loan Assn. VS Blaisdell (1934) 290 US 398, at page 426, "When the provisions of the Constitution, in grant or restriction, are specific, so particularized as not to admit of construction, no question is presented. Thus, emergency would not permit a state to* **have more than two Senators in the Congress, or permit the election of President by a general popular vote without regard to the number of electors to which the States are respectively entitled, *or permit the States to "coin money" or to "make anything but gold and silver coin a tender in payment of debts ." making very clear that the States are still bound by the provisions of Article 1 Section 10, of the United States Constitution, regardless what Emergency might be claimed, or what 'Emergency Powers' may have been said to have been given to anyone in any Government, State or Federal, of the united States of America !***

See the attached copy of the said US Supreme Court Case of Home Building & Loan Assn. VS Blaisdell (1934) 290 US 398, at page 426.

I have not noticed any Gold and Silver coin being tendered as a payment in debt since I was born, back in 1960 ! What happened to all that Gold and Silver, since, at the end of World War II, according to the two prior cited sources, which I have quoted here in this Article, the 'United States of America' *had more gold than any other country on Earth after World War II* ?

According to author William Still, in his book, titled " *On The Horns of The Beast* " published in 1995, *a large portion of the Gold in Fort Knox Kentucky, was secretly removed from that location, and taken to New York somewhere, then, it was sold at a very low discount to sources in Europe,*

who were allegedly friends or perhaps business partners of the Rockefeller family ***!***

For some strange quirk in conscious awareness, Mr. Still had been under the false impression that all the gold in the Federal Reserve Banking System in the United States *was owned by the Federal Reserve Bankers,* which is what he stated at two separate places in that book, *"On The Horns of The Beast."*

The United States Code, Title 31, Section 5117, *expressly states that all Title to gold in the possession of the Federal Reserve Banks is held in the Treasury of the United States, not the Bank !* See relevant portions of United States Code, Title 31, Section 5117, hereafter:

31 U.S. Code § 5117. Transferring gold and gold certificates

> ***(a) All right, title, and interest, and every claim of the Board of Governors of the Federal Reserve System, a Federal reserve bank, and a Federal reserve agent, in and to gold is transferred to and vests in the United States Government to be held in the Treasury.***

See the copy of said US Code Title 31, Section 5117 which I have attached to this article, along with the Home Building & Loan Assn. Vs Blaisdell Case of 1934, 290 US 398, which is also cited in this Article.

Mr. Still *was caught off guard* when I read that Code Section to him over the phone *when he and KDNO Radio Station Founder Richard Palmquist were taking call -ins after Still completed an interview by Palmquist, about his new book, back in 1995, " On The Horns of The Beast " !*

I was the first call taken, and after I completed reading the Code Section in question, that was the end of the show, no more calls and no more questions were taken !

Still had replied "no" on the call, when I asked him if he had ever read US Code, Title 31, Section 5117 ? To which, I said " I want to read it to you". After the reading, Mr. Palmquist made the final statement that " *if this is true, then someone had fallen asleep at the wheel, and someone had better follow up on this right away* ! Then the show came to an abrupt ending !

I had been puzzled by what had happened, *because I had not yet read William Stills new book, which was the subject of the interview, and had no idea he had actually stated in the book that all the gold in Fort Knox was actually owned by the Federal Reserve Bank* ! It was only years later when I finally got around to reading his book "On The Horns of The Beast" that I realized what had happened and why Still was so stone cold silent and the show abruptly came to an end, *I had just disproved a major premise of his New book, which he had been on the show to promote to the public, and here I was showing him to be promoting and passing on false information* !

If I had only *known that* at the time I called in, *I would likely have added more to my call, to clarify the circumstances of my having recently obtained the research on the Banking System from US Code Title 31,* and it *was not my intention to make a liar out of him, live on the Radio* !

Years later, after actually reading his book, "*On The Horns Of The Beast*" I contacted William Still, on the internet on his website, and asked him if he ever corrected those two statements in his book, where he had said all the gold was owned by the Federal Reserve Bank, to which he answered, no, he had not, but if he ever wrote an updated edition, he would correct it.
I am not aware of any such *updated Edition, correction, ever being produced by Still.*

***According to published information available on the internet, and from other government sources,* in the year 2005 in a meeting held in Canada the Prime Minister of Canada, the president of the United States, and the President of Mexico, all signed an agreement to co-operate in establishing a uniform currency for South America, Central America, Mexico, North America, and Canada, which was called the "*Amero agreement* ". The planned uniform currency for the Americas, would be called the "Amero".**

In the middle of the "Global financial crisis of 2008 Anno Domini, some economic policy makers, such as CHASE MANHATTAN and others began calling for a new international monetary system that some called "BRETTON WOODS II", while on 9/26/2008 the French President Nicholas Sarkozy is quoted as saying: *" we must rethink the financial system from scratch, as at Bretton Woods."* It is reported that US President Barrack Obama hosted a G20 conference in Pittsburgh Pennsylvania, where they say that a re-alignment of currency exchange rates was proposed.
The result was what they called "The Pittsburgh agreement." Re-adjusting the relationships between Creditor Nations and Debtor Nations, or as they call them, 'deficit' nations, and 'surplus' nations, *allowing the devaluing and revaluing of the perspective currencies by the said parties to the agreement*. Deficit nations devalued, and surplus nations re-valued their currencies.

Thereafter in March of 2010 the Greek Prime Minister, Papandreou wrote a piece in the 'international Herald Tribune' where he stated Democratic governments around the world must establish a "new global financial architecture as bold as Bretton Woods, in its own way, and also as bold as was the creation of the European Community and the European Monetary Union, which was the economic union operating under the common currency denoted as the "Euro", *urgently stating that 'we need it fast'*.

After a meeting with U.S. President Barrack Obama, he further stated that Obama would raise the issue of new regulations for the international financial markets at the next G20 meetings in June and November of 2010.
In that same year, 2010, there was yet another Conference orchestrated and arranged by George Soros, a multi billionaire, which, coincidentally, was also called "Bretton Woods II".

The purpose of that conference was to design a whole new regional banking system for South America, Central America, Mexico, North America, and Canada, which would be instituted along with the uniform Currency system that was agreed to in 2005 by Mexican president Vicente Fox, US President George Bush, Jr. and the Prime Minister of Canada, during a meeting between the three leaders in Canada, in 2005 !

These plans and schemes never materialized into anything real , **as** ***US Congressional hearings set for late 2009 on Finalization & Execution of the Executive agreement called the Amero, were cancelled, due to 32 States issuing Declarations to the Federal Government declaring they were taking their 10 th Amendment Sovereign Nation Rights back and would not fund any more Federal Government schemes. The Feds would have to fund their own programs and schemes....including the Amero*** **!**

Corona Virus:
The New Threat Of World Pandemic & Stock Market Crash

In the face of the current threat of a global pandemic, by what is being called the "Corona Virus", which was said to have first been *reported to have broken out in China, this last month in February 2020* , there are suspicions that it is a weaponized virus engineered in a lab to have an impact on the global economy. More economic war fare ?

Here in the last week of February 2020, in the last three days the stock market dropped over 2000 points, one report I received says it dropped a whole ten 10 % percent, & there has been much fear and panic spreading around the whole world, according to various news & financial sources, leading to a clouded state of uncertainty, which is a present contributory factor in the coming changes to our world, the state of health and the economy. There is even a report from Info Wars.com that an insider from the Pentagon reported they expect up to 3 million deaths in the United States due to the Corona Virus !

The accelerated changes in China will no doubt have an impact on the rest of the world, so it is only appropriate that I end this article with an update on some of the accelerated changes going on in China.

There was an article that was *published in September of last year, 2019 about 5 months ago, in beincrypto.com titled :*

" China's Control over Foreign Entities Signals the Need for Decentralization" by Christian Gundiuc, wherein Gundiuc stated:

"China's firm grasp on personal and corporate data is set to become even more stringent, as the government is set to extend its control over foreign entities." Further stating:

"The Chinese government has been working for several years on a comprehensive internet security and surveillance program. The program started being implemented at the same time when the Cybersecurity Law was adopted in 2016. With the emergence of new artificial intelligence (AI) and cyber security technologies, data has become a vital and much-coveted resource. China's government has proven on several occasions that it prefers to take a restrictive approach in regard to its citizens."

"The main aim of the program is to keep control and have access to massive amounts of data that is generated daily and transmitted across Chinese networks. This data is then used in facial recognition tools, social scoring systems, and surveillance programs. The plan for the new system is ambitious, comprehensive and alarmingly invasive."

"According to reports, it will cover every district, ministry, business, and institution. This will have a major impact on everything where data is involved including networks, information systems, cloud platforms, the internet of things (IoT), control systems, and mobile internet." In the rest of the article Christian Gundiuc goes on to recite numerous facts and conditions developing throughout China, which I will succinctly list here for the readers convenience, as follows:

China's internet is heavily censored; its internal infrastructure has moved to an almost fully digital experience with the help of WeChat & other Chinese platforms; it also allows the government to easily control, track and assess their citizens; a new Foreign Investment Law that went into effect on Jan 1, 2020, eliminates any special status associated with being a foreign company; Foreign-owned companies will be treated exactly the same as Chinese companies; all the information on any server located within China will be available to the Chinese government; no

communication from or to China will be exempted; Not even VPNs will be able to help in avoiding the control of the government; There will be no private or encrypted messages; no more anonymous online accounts; all data is openly available to the Chinese government; for U.S. and European companies operating in China, trade secrets won't be secrets anymore; the Chinese government has taken control of their whole internet, obliterating every citizen's right to privacy;

Based on the foregoing Christian Gundiuc concludes that the decentralized narrative is starting to make more sense. He says the new technology, can provide the infrastructure for citizens & companies to operate without running the risk of having their privacy invaded or their assets seized, further citing Bitcoin as 'the perfect example' of a censorship-resistant value asset that allows people all around the world to maintain control over their wealth, saying that "*other blockchain based technologies enable truly free markets to exist & allow individuals, businesses, & any other entities to maintain their privacy in the process"* !

However, with the revelations that the NSA has been intercepting personal data over the fiber optics cables on the users of Bitcoin for many years now which was revealed in my last Article, as discovered by Joe Baker, *you can not escape having real doubts about any so called, alleged 'privacy' when you are operating on the internet.* ! It becomes clearer and clearer we do not have any power or control over what the so called "Governments" & their heavy handed Agencies such as the NSA, CIA, FBI, DIA, Etc. decide to do on a daily basis, and as we have seen, they act first, tell us about it later, *if they tell us about it at all* , which I suspect, most of the time, they *do not tell us at all* !

In my next Article, #4, I will be talking about IRS changes regarding their treatment of Crypto currencies & their users, as well as the growing participation of Banks in the emerging world crypto currency systems expanding around the world, it seems on every continent, as well as in the

United States of America, as they use block chain for their cyber security for financial transactions. I will bring out the apparent conflicts between the old currency system & the coming currency systems, which ultimately will be subject to mergence into one global currency system, necessarily attached & connected to the coming global smart grid, the internet of things, which is now coming into view via 5G, Nano tech & AI ! # 4 will feature revelations discovered by an ex Federal Government Official who has been engaged in deep economic research of the Federal Government for decades now, exposing some very revealing data, which raise questions that can not be answered by the Government due to "National Security" as things get clearer and clearer .....

31 U.S. Code § 5117. Transferring gold and gold certificates

(a) All right, title, and interest, and every claim of the Board of Governors of the Federal Reserve System, a Federal reserve bank, and a Federal reserve agent, in and to gold is transferred to and vests in the United States Government to be held in the Treasury.

Payment for the transferred gold is made by crediting equivalent amounts in dollars in accounts established in the Treasury under the 15th paragraph of section 16 of the Federal Reserve Act (12 U.S.C. 467).

Gold not in the possession of the Government shall be held in custody for the Government and delivered on the order of the Secretary of the Treasury. The Board of Governors, Federal reserve banks, and Federal reserve agents shall give instructions and take action necessary to ensure that the gold is so held and delivered.

(b) The Secretary shall issue gold certificates against gold transferred under subsection (a) of this section. The Secretary may issue gold certificates against other gold held in the Treasury. The Secretary may prescribe the form and denominations of the certificates. The amount of outstanding certificates may be not more than the value (for the purpose of issuing those certificates, of 42 and two-ninths dollars a fine troy ounce) of the gold held against gold certificates. The Secretary shall hold gold in the Treasury equal to the required dollar amount as security for gold certificates issued after January 29, 1934.

(c) With the approval of the President, the Secretary may prescribe regulations the Secretary considers necessary to carry out this section.

Pub. L. 97–258, Sept. 13, 1982, 96 Stat. 984.

United States Supreme Court

HOME BLDG. & LOAN ASS'N v. BLAISDELL (1934)

No. 370

Argued: Decided: January 8, 1934

Appeal from the Supreme Court of the State of Minnesota.[Home Bldg . & Loan Ass'n v. Blaisdell 290 U.S. 398 (1934)]

[290 U.S. 398, 402] Messrs. Karl H. Covell and Alfred W. Bowen, both of Minneapolis, Minn ., for appellant.

[290 U.S. 398, 409] Messrs. Harry H. Peterson and Wm. S. Ervin, both of St. Paul, Minn., for appellees.

[290 U.S. 398, 415]

Mr. Chief Justice HUGHES delivered the opinion of the Court.

Appellant contests the validity of chapter 339 of the Laws of Minnesota of 1933, p. 514, approved April 18, 1933, called the Minnesota Mortgage Moratorium Law, [290 U.S. 398, 416] as being repugnant to the contract clause (article 1, 10) and the due process and equal protection clauses of the Fourteenth Amendment of the Federal Constitution. The statute was sustained by the Supreme Court of Minnesota (249 N.W. 334, 86 A.L.R. 1507; 249 N.W. 893), and

the case comes here on appeal. The act provides that, during the emergency declared to exist, relief may be had through authorized

judicial proceedings with respect to foreclosures of mortgages, and execution sales, of real estate; that sales may be postponed and periods of redemption may be extended. The act does not apply to mortgages subsequently made nor to those made previously which shall be extended for a period ending more than a year after the passage of the act (part 1, 8). There are separate provisions in part 2 relating to homesteads, but these are to apply 'only to cases not entitled to relief under some valid provision of Part One.' The act is to remain in effect 'only during the continuance of the emergency and in no event beyond May 1, 1935.' No extension of the period for redemption and no postponement of sale is to be allowed which would have the effect of extending the period of redemption beyond that date. Part 2, 8. The act declares that the various provisions for relief are severable; that each is to stand on its own footing with respect to validity. Part 1 ,9. We are here concerned with the provisions of part 1, 4, authorizing the district court of the county to extend the period of redemption from foreclosure sales 'for such additional time as the court may deem just and equitable,' subject to

the above-described limitation. The extension is to be made upon application to the court, on notice, for an order determining the reasonable value of the income on the property involved in the sale, or, if it has no income, then the reasonable rental value of the property, and directing the mortgagor 'to pay all or a reasonable part of such [290 U.S. 398, 417] income or rental value, in or toward the payment of taxes, insurance, interest, mortgage ... indebtedness at such times and in such manner' as shall be determined by the court. 1 The section also provides that the time for re- [290 U.S. 398, 418] re demption from foreclosure sales theretofore made, which otherwise would expire less than thirty days after the approval of the act, shall be extended to a date thirty days after its approval, and application may be made to the court within that time for a further extension as provided in the section. By another provision of the act, no action, prior to May 1, 1935, may be maintained for a deficiency judgment until the period of redemption as allowed by existing law or as extended under the provisions of the act has expired. Prior to the expiration of the extended period of redemption, the court may revise or alter the terms of the extension as changed circumstances may require. Part 1, 5. Invoking the relevant provision of the statute, appellees applied to the district court of Hennepin county for an

order extending the period of redemption from a foreclosure sale. Their petition stated that they owned a lot [290 U.S. 398, 419] in Minneapolis which they had mortgaged to appellant; that the mortgage contained a valid power of sale by advertisement, and that by reason of their default the mortgage had been foreclosed and sold to appellant on May 2, 1932, for $3,700.98; that appellant was the holder of the sheriff's certificate of sale; that, because of the economic depression, appellees had been unable to obtain a new loan or to redeem, and that, unless the period of redemption were extended, the property would be irretrievably lost; and that the reasonable value of the property greatly exceeded the amount due on the mortgage, including all liens, costs, and expenses. On the hearing, appellant objected to the introduction of evidence upon the ground that the statute was invalid under the federal and state Constitutions, and moved that the petition be dismissed. The motion was granted, and a motion for a new trial was denied. On appeal, the Supreme Court of the state reversed the decision of the district court. 249 N.W. 334, 337, 86 A.L.R. 1507. Evidence was then taken in the trial court, and appellant renewed its constitutional objections without avail. The court made findings of fact setting forth the mortgage made by the appellees on August 1, 1928, the power of sale

contained in the mortgage, the default and foreclosure by advertisement, and the sale to appellant on May 2, 1932, for $3,700.98. The court found that the time to redeem would expire on May 2, 1933, under the laws of the state as they were in effect when the mortgage was made and when it was foreclosed; that the reasonable value of the income on the property, and the reasonable rental value, was $40 a month; that the bid made by appellant on the foreclosure sale, and the purchase price, were the full amount of the mortgage indebtedness, and that there was no deficiency after the sale; that the reasonable present market value of the premises was $6,000; and that the [290 U.S. 398, 420] total amount of the purchase price, with taxes and insurance premiums subsequently paid by appellant, but exclusive of interest from the date of sale, was $4,056.39. The court also found that the property was situated in the closely built-up portions of Minneapolis; that it had been improved by a two-car garage, together with a building two stories in height which was divided into fourteen rooms; that the appellees, husband and wife, occupied the premises as their homestead, occupying three rooms and offering the remaining rooms for rental to others.

The court entered its judgment extending the period of redemption of May 1, 1935, subject to the condition that the appellees should pay to

the appellant $40 a month through the extended period from May 2, 1933; that is, that in each of the months of August, September, and October, 1933, the payments should be $80, in two installments, and thereafter $40 a month, all these amounts to go to the payment of taxes, insurance, interest, and mortgage indebtedness. 2 It is this judgment, sustained by the Supreme Court of the state on the authority of its former opinion, which is here under review. 249 N.W. 893. The state court upheld the statute as an emergency measure. Although conceding that the obligations of the mortgage contract were impaired, the court decided that what it thus described as an impairment was, notwithstanding the contract cause of the Federal Constitution, within the police power of the state as that power was called into exercise by the public economic emergency which the Legislature had found to exist. Attention is thus directed to the preamble and first section of the [290 U.S. 398, 421] statute which described the existing emergency in terms that were deemed to justify the temporary relief which the statute affords.3 The state court, declaring that it [290 U.S. 398, 422] could not say that this legislative finding was without basis, supplemented that finding by its own statement of conditions of which it took judicial notice. The court said:

'In addition to the weight to be given the determination of the Legislature that an economic emergency exists which demands relief, the court must take notice of other considerations. The members of the Legislature come from every community of the state and from all the walks of life. They are familiar with conditions generally in every calling, occupation, profession, and business in the state. Not only they, but the courts must be guided by what is common knowledge. It is common knowledge that in the last few years land values have shrunk enormously. Loans made a few years ago upon the basis of the then going values cannot possibly be replaced on the basis of present values. We all know that when this law was enacted the large financial companies, which had made it their business to invest in mortgages, had ceased to do so. No bank would directly or indirectly loan on real estate mortgages. Life insurance companies, large investors in such mortgages, had even declared a moratorium as to the loan provisions of their policy contracts. The President had closed banks temporarily. The Con- [290 U.S. 398, 423] gress, in addition to many extraordinary measures looking to the relief of the economic emergency, had passed an act to supply funds whereby mortgagors may be able within a reasonable time to refinance their mortgages or redeem from sales where the

redemption has not expired. With this knowledge the court cannot well hold that the Legislature had no basis in fact for the conclusion that an economic emergency existed which called for the exercise of the police power to grant relief.' Justice Olsen of the state court, in a concurring opinion, added the following:

'The present nation wide and world wide business and financial crisis has the same results as if it were caused by flood, earthquake, or disturbance in nature. It has deprived millions of persons in this nation of their employment and means of earning a living for themselves and their families; it has destroyed the value of and the income from all property on which thousands of people depended for a living; it actually has resulted in the loss of their homes by a number of our people, and threatens to result in the loss of their homes by many other people in this state; it has resulted in such widespread want and suffering among our people that private, state, and municipal agencies are unable to adequately relieve the want and suffering, and Congress has found it necessary to step in and attempt to remedy the situation by federal aid. Millions of the people's money were and are yet tied up in closed banks and in business enterprises.' 4 [290 U.S. 398, 424] We approach the questions thus presented upon the assumption made below, as

required by the law of the state, that the mortgage contained a valid power of sale to be exercised in case of default; that this power was validly exercised; that under the law then applicable the period of redemption from the sale was one year, and that it has been extended by the judgment of the court over the opposition of the mortgagee-purchaser; and that, during the period thus extended, and unless the order for extension is modified, the mortgagee-purchaser will be unable to obtain possession, or to obtain or convey title in fee, as he would have been able to do had the statute [290 U.S. 398, 425] not been enacted. The statute does not impair the integrity of the mortgage indebtedness. The obligation for interest remains. The statute does not affect the validity of the sale or the right of a mortgagee- purchaser to title in fee, or his right to obtain a deficiency judgment, if the mortgagor fails to redeem within the prescribed period. Aside from the extension of time, the other conditions of redemption are unaltered. While the mortgagor remains in possession, he must pay the rental value as that value has been determined, upon notice and hearing, by the court. The rental value so paid is devoted to the carrying of the property by the application of the required payments to taxes, insurance, and interest on the mortgage indebtedness. While the mortgagee-purchaser is debarred

from actual possession, he has, so far as rental value is concerned, the equivalent of possession during the extended period.

In determining whether the provision for this temporary and conditional relief exceeds the power of the state by reason of the clause in the Federal Constitution prohibiting impairment of the obligations of contracts, we must consider the relation of emergency to constitutional power, the historical setting of the contract clause, the development of the jurisprudence of this Court in the construction of that clause, and the principles of construction which we may consider to be established.

Emergency does not create power. Emergency does not increase granted power or remove or diminish the restrictions imposed upon power granted or reserved. The Constitution was adopted in a period of grave emergency. Its grants of power to the federal government and its limitations of the power of the States were determined in the light of emergency, and they are not altered by emergency. What power was thus granted and what limitations were thus imposed are questions [290 U.S. 398, 426] which have always been, and always will be, the subject of close examination under our constitutional system. While emergency does not create power, emergency may furnish the occasion for the exercise of power. 'Although an

emergency may not call into life a power which has never lived, nevertheless emergency may afford a reason for the exertion of a living power already enjoyed.' Wilson v. New, 243 U.S. 332, 348 , 37 S.Ct. 298, 302, L.R.A. 1917E, 938, Ann.Cas. 1918A, 1024. The constitutional question presented in the light of an emergency is whether the power possessed embraces the particular exercise of it in response to particular conditions. Thus, the war power of the federal government is not created by the emergency of war, but it is a power given to meet that emergency. It is a power to wage war successfully, and thus it permits the harnessing of the entire energies of the people in a supreme co-operative effort to preserve the nation. But even the war power does not remove constitutional limitations safeguarding essential liberties. 5 When the provisions of the Constitution, in grant or restriction, are specific, so particularized as not to admit of construction, no question is presented. Thus, emergency would not permit a state to have more than two Senators in the Congress, or permit the election of President by a general popular vote without regard to the number of electors to which the States are respectively entitled, or permit the States to 'coin money' or to 'make anything but gold and silver coin a tender in payment of debts.' But, where constitutional grants and

limitations of power are set forth in general clauses, which afford a broad outline, the process of construction is essential to fill in the details. That is true of the contract clause. The necessity of construction is not obviated by [290 U.S. 398, 427] the fact that the contract clause is associated in the same section with other and more specific prohibitions. Even the grouping of subjects in the same clause may not require the same application to each of the subjects, regardless of differences in their nature. See Groves v. Slaughter, 15 Pet. 449, 505; Atlantic Cleaners & Dyers v. United States, 286 U.S. 427, 434 , 52 S.Ct. 607

In the construction of the contract clause. the debates in the Constitutional Convention are of little aid. 6 But the reasons which led to the adoption of that clause, and of the other prohibitions of section 10 of article 1, are not left in doubt, and have frequently been described with eloquent emphasis. 7 The widespread distress following the revolutionary period and the plight of debtors had called forth in the States an ignoble array of legislative schemes for the defeat of creditors and the invasion of contractual obligations. Legislative interferences had been so numerous and extreme that the confidence essential to prosperous trade had been undermined and the utter destruction of credit was threatened. 'The sober people of

America' were convinced that some 'thorough reform' was needed which would 'inspire a general prudence and industry, and give a regular course to the business of society.' The Federalist, No. 44. It was necessary to interpose the restraining power of a central authority in order to secure the foundations even of 'private faith.' The occasion and general purpose of [290 U.S. 398, 428] the contract clause are summed up in the terse statement of Chief Justice Marshall in Ogden v. Saunders, 12 Wheat. 213, 354, 355: 'The power of changing the relative situation of debtor and creditor, of interfering with contracts, a power which comes home to every man, touches the interest of all, and controls the conduct of every individual in those things which he supposes to be proper for his own exclusive management, had been used to such an excess by the state legislatures, as to break in upon the ordinary intercourse of society, and destroy all confidence between man and man. This mischief had become so great, so alarming, as not only to impair commercial intercourse, and threaten the existence of credit, but to sap the morals of the people, and destroy the sanctity of private faith. To guard against the continuance of the evil, was an object of deep interest with all the truly wise, as well as the virtuous, of this great community, and was one of the important benefits expected from a

reform of the government.' But full recognition of the occasion and general purpose of the clause does not suffice to fix its precise scope. Nor does an examination of the details of prior legislation in the States yield criteria which can be considered controlling. To ascertain the scope of the constitutional prohibition, we examine the course of judicial decisions in its application. These put it beyond question that the prohibition is not an absolute and is not to be read with literal exactness like a mathematical formula. Justice Johnson, in Ogden v. Saunders, supra, page 286 of 12 Wheat., adverted to such a misdirected effort in these words: 'It appears to me, that a great part of the difficulties of the cause, arise from not giving sufficient weight to the general intent of this clause in the constitution, and subjecting it to a severe literal construction, which would be better adapted to special pleadings.' And, after giving his view as to the purport of the clause, 'that the states shall pass no law, [290 U.S. 398, 429] attaching to the acts of individuals other effects or consequences than those attached to them by the laws existing at their date; and all contracts thus construed, shall be enforced according to their just and reasonable purport,' Justice Johnson added: 'But to assign to contracts, universally, a literal purport, and to exact from them a rigid literal fulfilment, could not have been the

intent of the constitution. It is repelled by a hundred examples. Societies exercise a positive control as well over the inception, construction and fulfilment of contracts, as over the form and measure of the remedy to enforce them.'

The inescapable problems of construction have been: What is a contract?8 What are the obligations of contracts? What constitutes impairment of these obligations? What residuum of power is there still in the States, in relation to the operation of contracts, to protect the vital interests of the community? Questions of this character, 'of no small nicety and intricacy, have vexed the legislative halls, as well as the judicial tribunals, with an uncounted variety and frequency of litigation and speculation.' Story on the Constitution, 1375.

The obligation of a contract is the law which binds the parties to perform their agreement. Sturges v. Crowninshield, 4 Wheat. 122, 197; Story, op. cit., 1378. This Court has said that 'the laws which subsist at the time and place of the making of a contract, and where it [290 U.S. 398, 430] is to be performed, enter into and form a part of it, as if they were expressly referred to or incorporated in its terms. This principle embraces alike those which affect its validity, construction, discharge, and enforcement. ... Nothing can be more material to the obligation than the means of enforcement. ... The

ideas of validity and remedy are inseparable, and both are parts of the obligation, which is guaranteed by the Constitution against invasion.' Von Hoffman v. City of Quincy, 4 Wall. 535, 550, 552. See, also, Walker v. Whitehead, 16 Wall. 314, 317. But this broad language cannot be taken without qualification. Chief Justice Marshall pointed out the distinction between obligation and remedy. Sturges v. Crowninshield, supra, 4 Wheat. 200. Said he: The distinction between the obligation of a contract, and the remedy given by the legislature to enforce that obligation, has been taken at the bar, and exists in the nature of things. Without impairing the obligation of the contract, the remedy may certainly be modified as the wisdom of the nation shall direct.' And in Von Hoffman v. City of Quincy, supra, 4 Wall. 553, 554, the general statement above quoted was limited by the further observation that 'it is competent for the States to change the form of the remedy, or to modify it otherwise, as they may see fit, provided no substantial right secured by the contract is thereby impaired. No attempt has been made to fix definitely the line between alterations of the remedy, which are to be deemed legitimate, and those which, under the form of modifying the remedy, impair substantial rights. Every case must be determined upon its own circumstances.' And Chief Justice Waite, quoting this language in Antoni v. Greenhow, 107

U.S. 769, 775 , 2 S.Ct. 91, 96, added: 'In all such cases the question becomes, therefore, one of reasonableness, and of that the legislature is primarily the judge.' [290 U.S. 398, 431] The obligations of a contract are impaired by a law which renders them invalid, or releases or extinguishes them9 (Sturges v. Crowninshield, supra, 4 Wheat. 197, 198) and impairment, as above noted, has been predicated of laws which without destroying contracts derogate from substantial contractual rights. 10 In Sturges v. Crowninshield, supra, a state insolvent law, which discharged the debtor from liability, was held to be invalid as applied to contracts in existence when the law was passed. See Ogden v. Saunders, supra. In Green v. Biddle, 8 Wheat. 1, the legislative acts, which were successfully assailed, exempted the occupant of land from the payment of rents and profits to the rightful owner, and were 'parts of a system the object of which was to compel the rightful owner to relinquish his lands or pay for all lasting improvements made upon them, without his consent or default.' In Bronson v. Kinzie, 1 How. 311, state legislation, which had been enacted for the relief of debtors in view of the seriously depressed condition of business, 11 following the panic of 1837, and which provided that the equitable estate of the mortgagor should not be extin- [290 U.S. 398, 432] guished for twelve months after sale on

foreclosure, and further prevented any sale unless two-thirds of the appraised value of the property should be bid therefor, was held to violate the constitutional provision. It will be observed that in the Bronson Case, aside from the requirement as to the amount of the bid at the sale, the extension of the period of redemption was unconditional, and there was no provision, as in the instant case, to secure to the mortgagee the rental value of the property during the extended period. McCracken v. Hayward, 2 How. 608; Gantly's Lessee v. Ewing, 3 How. 707, and Howard v. Bugbee, 24 How. 461, followed the decision in Bronson v. Kinzie; that of McCracken, condemning a statute which provided that an execution sale should not be made of property unless it would bring two-thirds of its value according to the opinion of three householders; that of Gantly's Lessee, condemning a statute which required a sale for not less than one- half the appraised value; and that of Howard, making a similar ruling as to an unconditional extension of two years for redemption from foreclosure sale. In Planter's Bank v. Sharp, 6 How. 301, a state law was found to be invalid which prevented a bank from transferring notes and bills receivable which it had been duly authorized to acquire. In Von Hoffman v. City of Quincy, supra, a statute which restricted the power of taxation which had previously been given to provide for the

payment of municipal bonds was set aside. Louisiana ex rel. Nelson v. Police Jury of St. Martin's Parish, 111 U.S. 716 , 4 S.Ct. 648, and Seibert v. Lewis, 122 U.S. 284 , 7 S.Ct. 1190, are similar cases. In Walker v. Whitehead, 16 Wall. 314, the statute, which was held to be repugnant to the contract clause, was enacted in 1870, and provided that, in all suits pending on any debt or contract made before June 1, 1865, the plaintiff should not have a verdict unless it appeared that all taxes chargeable by law on the same had been [290 U.S. 398, 433] duly paid for each year since the contract was made; and, further, that in all cases of indebtedness of the described class the defendant might offset any losses he had suffered in consequence of the late war either from destruction or depreciation of property. See Daniels v. Tearney, 102 U.S. 415 , 419. In Gunn v. Barry, 15 Wall. 610, and Edwards v. Kearzey, 96 U.S. 595 , statutes applicable to prior contracts were condemned because of increases in the amount of the property of judgment debtors which were exempted from levy and sale on execution. But, in Penniman's Case, 103 U.S. 714 , 720, the Court decided that a statute abolishing imprisonment for debt did not, within the meaning of the Constitution, impair the obligation of contracts previously made;12 and the Court said: 'The general doctrine of this court on this subject may be thus stated: In modes of

proceeding and forms to enforce the contract the legislature has the control, and may enlarge, limit, or alter them, provided it does not deny a remedy or so embarrass it with conditions or restrictions as seriously to impair the value of the right.' In Barnitz v. Beverly, 163 U.S. 118 , 16 S.Ct. 1042, the Court held that a statute which authorized the redemption of property sold on foreclosure, where no right of redemption previously existed, or which extended the period of redemption beyond the time formerly allowed, could not constitutionally apply to a sale under a mortgage executed before its passage. This ruling was to the same effect as that in Bronson v. Kinzie, supra, and Howard v. Bugbee, supra. But in the Barnitz Case, the statute contained a provision for the prevention of waste, and authorized the appointment of a receiver of the premises sold. Otherwise the extension of the period for redemption was unconditional, and, in case a receiver was appointed, [290 U.S. 398, 434] the income during the period allowed for redemption, except what was necessary for repairs and to prevent waste, was still to go to the mortgagor. None of these cases, and we have cited those upon which appellant chiefly relies, is directly applicable to the question now before us in view of the conditions with which the Minnesota statute seeks to safeguard the interests of the mortgagee-purchaser

during the extended period. And broad expressions contained in some of these opinions went beyond the requirements of the decision, and are not controlling. Cohens v. Virginia, 6 Wheat. 264, 399. Not only is the constitutional provision qualified by the measure of control which the state retains over remedial processes,13 but the state also continues to possess authority to safeguard the vital interests of its people. It does [290 U.S. 398, 435] not matter that legislation appropriate to that end 'nhas the result of modifying or abrogating contracts already in effect.' Stephenson v. Binford, 287 U.S. 251, 276 , 53 S.Ct. 181, 189. Not only are existing laws read into contracts in order to fix obligations as between the parties, but the reservation of essential attributes of sovereign power is also read into contracts as a postulate of the legal order. The policy of protecting contracts against impairment presupposes the maintenance of a government by virtue of which contractual relations are worth while,-a government which retains adequate authority to secure the peace and good order of society. This principle of harmonizing the constitutional prohibition with the necessary residuum of state power has had progressive recognition in the decisions of this Court. While the charters of private corporations constitute contracts, a grant of exclusive privilege is not to be implied as against the state.

Charles River Bridge v. Warren Bridge, 11 Pet. 420. And all contracts are subject to the right of eminent domain. West River Bridge v. Dix, 6 How. 507.14 The reservation of this necessary authority of the state is deemed to be a part of the contract. In the case last cited, the Court answered the forcible challenge of the state's power by the following statement of the controlling principle, a statement reiterated by this Court speaking through Mr. Justice Brewer, nearly fifty years later, in Long Island Water Supply Co. v. Brooklyn, 166 U.S. 685, 692 , 17 S.Ct. 718, 721: 'But into all contracts, whether made between states and individuals or between individuals only, there enter conditions which arise, not out of the lit- [290 U.S. 398, 436] eral terms of the contract itself. They are superinduced by the pre-existing and higher authority of the laws of nature, of nations, or of the community to which the parties belong. They are always presumed, and must be presumed, to be known and recognized by all, are binding upon all, and need never, therefore, be carried into express stipulation, for this could add nothing to their force. Every contract is made in subordination to them, and must yield to their control, as conditions inherent and paramount, wherever a necessity for their execution shall occur.' The Legislature cannot 'bargain away the public health or the public morals.' Thus the constitutional

provision against the impairment of contracts was held not to be violated by an amendment of the state Constitution which put an end to a lottery theretofore authorized by the Legislature. Stone v. Mississippi, 101 U.S. 814 , 819. See, also, Douglas v. Kentucky, 168 U.S. 488 , 497-499, 18 S.Ct. 199; compare New Orleans v. Houston, 119 U.S. 265, 275 , 7 S.Ct. 198. The lottery was a valid enterprise when established under express state authority, but the Legislature in the public interest could put a stop to it. A similar rule has been applied to the control by the state of the sale of intoxicating liquors. Boston Beer Company v. Massachusetts, 97 U.S. 25, 32 , 33 S.. See Mugler v. Kansas, 123 U.S. 623, 664 , 665 S., 8 S.Ct. 273. The states retain adequate power to protect the public health against the maintenance of nuisances despite insistence upon existing contracts. Northwestern Fertilizing Company v. Hyde Park, 97 U.S. 659 , 667; Butchers' Union Company v. Crescent City Company, 111 U.S. 746, 750 , 4 S.Ct. 652. Legislation to protect the public safety comes within the same category of reserved power. Chicago, B. & Q.R.R. Co. v. Nebraska, 170 U.S. 57, 70 , 74 S., 18 S.Ct. 513; Texas & N.O.R.R. Co. v. Miller, 221 U.S. 408, 414 , 31 S.Ct. 534; Atlantic Coast Line R.R. Co. v. Goldsboro, 232 U.S. 548, 558 , 34 S.Ct. 364. This principle has had recent and noteworthy application to the regulation

of the use of public highways by common carriers and 'contract carriers,' where the assertion of [290 U.S. 398, 437] interference with existing contract rights has been without avail. Sproles v. Binford, 286 U.S. 374, 390 , 391 S., 52 S.Ct. 581; Stephenson v. Binford, supra. The economic interests of the state may justify the exercise of its continuing and dominant protective power notwithstanding interference with contracts. In Manigault v. Springs, 199 U.S. 473 , 26 S.Ct. 127, riparian owners in South Carolina had made a contract for a clear passage through a creek by the removal of existing obstructions. Later, the Legislature of the state, by virtue of its broad authority to make public improvements, and in order to increase the taxable value of the lowlands which would be drained, authorized the construction of a dam across the creek. The Court sustained the statute upon the ground that the private interests were subservicent to the public right. The Court said (Id. page 480 of 199 U.S., 26 S.Ct. 127, 130): 'It is the settled law of this court that the interdiction of statutes impairing the obligation of contracts does not prevent the state from exercising such powers as are vested in it for the promotion of the common weal, or are necessary for the general good of the public, though contracts previously entered into between individuals may thereby be affected. This power, which, in its various

ramifications, is known as the police power, is an exercise of the sovereign right of the government to protect the lives, health, morals, comfort, and general welfare of the people, and is paramount to any rights under contracts between individuals.' A statute of New Jersey (P.L.N.J. 1905, p. 461 (4 Comp.St. 1910, p. 5794)) prohibiting the transportation of water of the state into any other state was sustained against the objection that the statute impaired the obligation of contracts which had been made for furnishing such water to persons without the state. Said the Court, by Mr. Justice Holmes (Hudson County Water Co. v. McCarter, 209 U.S. page 357, 28 S.Ct. 529, 531, 14 Ann.Cas. 560): 'One whose rights, such as they are, are subject to state restriction, cannot remove them from the power of the state by mak- [290 U.S. 398, 438] ing a contract about them. The contract will carry with it the infirmity of the subject-matter.' The general authority of the Legislature to regulate, and thus to modify, the rates charged by public service corporations, affords another illustration. Stone v. Farmers' Loan & Trust Company, 116 U.S. 307, 325 , 326 S., 6 S.Ct. 334, 388, 1191. In Union Dry Goods Co. v. Georgia Public Service Corporation, 248 U.S. 372 , 39 S.Ct. 117, 9 A.L.R. 1420, a statute fixing reasonable rates, to be charged by a corporation for supplying electricity to the inhabitants of a city,

superseded lower rates which had been agreed upon by a contract previously made for a definite term between the company and a consumer. The validity of the statute was sustained. To the same effect are Producers' Transportation Co. v. Railroad Commission, 251 U.S. 228, 232 , 40 S.Ct. 131, and Sutter Butte Canal Co. v. Railroad Commission, 279 U.S. 125, 138 , 49 S.Ct. 325. Similarly, where the protective power of the state is exercised in a manner otherwise appropriate in the regulation of a business, it is no objection that the performance of existing contracts may be frustrated by the prohibition of injurious practices. Rast v. Van Deman & Lewis Co., 240 U.S. 342, 363 , 36 S.Ct. 370, L.R.A. 1917A, 421, Ann. Cas. 1917B, 455. See, also, St. Louis Poster Advertising Co. v. St. Louis, 249 U.S. 269, 274 , 39 S.Ct. 274. The argument is pressed that in the cases we have cited the obligation of contracts was affected only incidentally. This argument proceeds upon a misconception. The question is not whether the legislative action affects contracts incidentally, or directly or indirectly, but whether the legislation is addressed to a legitimate end and the measures taken are reasonable and appropriate to that end. Another argument, which comes more closely to the point, is that the state power may be addressed directly to the prevention of the enforcement of contracts only when

these are of a sort which the Legislature in its discretion may denounce as being in themselves hostile to public morals, or public health, safety, or welfare, or [290 U.S. 398, 439] where the prohibition is merely of injurious practices; that interference with the enforcement of other and valid contracts according to appropriate legal procedure, although the interference is temporary and for a public purpose, is not permissible. This is but to contend that in the latter case the end is not legitimate in the view that it cannot be reconciled with a fair interpretation of the constitutional provision. Undoubtedly, whatever is reserved of state power must be consistent with the fair intent of the constitutional limitation of that power. The reserved power cannot be construed so as to destroy the limitation, nor is the limitation to be construed to destroy the reserved power in its essential aspects. They must be construed in harmony with each other. This principle precludes a construction which would permit the state to adopt as its policy the repudiation of debts or the destruction of contracts or the denial of means to enforce them. But it does not follow that conditions may not arise in which a temporary restraint of enforcement may be consistent with the spirit and purpose of the constitutional provision and thus be found to be within the range of the reserved power of the state to protect the vital interests of the

community. It cannot be maintained that the constitutional prohibition should be so construed as to prevent limited and temporary interpositions with respect to the enforcement of contracts if made necessary by a great public calamity such as fire, flood, or earthquake. See American Land Co. v. Zeiss, 219 U.S. 47 , 31 S.Ct. 200. The reservation of state power appropriate to such extraordinary conditions may be deemed to be as much a part of all contracts as is the reservation of state power to protect the public interest in the other situations to which we have referred. And, if state power exists to give temporary relief from the enforcement of contracts in the presence of disasters due to physical causes such as fire, flood, or earthquake, that [290 U.S. 398, 440] power cannot be said to be nonexistent when the urgent public need demanding such relief is produced by other and economic causes. Whatever doubt there may have been that the protective power of the state, its police power, may be exercised-without violating the true intent of the provision of the Federal Constitution-in directly preventing the immediate and literal enforcement of contractual obligations by a temporary and conditional restraint, where vital public interests would otherwise suffer, was removed by our decisions relating to the enforcement of provisions of leases during a period of scarcity of

housing. Block v. Hirsh, 256 U.S. 135 , 41 S.Ct. 458, 16 A.L.R. 165; Marcus Brown Holding Co. v. Feldman, 256 U.S. 170 , 41 S.Ct. 465; Edgar A. Levy Leasing Co. v. Siegel, 258 U.S. 242 , 42 S.Ct. 289. The case of Block v. Hirsh, supra, arose in the District of Columbia and involved the due process clause of the Fifth Amendment. The cases of the Marcus Brown Company and the Levy Leasing Company arose under legislation of New York, and the constitutional provision against the impairment of the obligation of contracts was invoked. The statutes of New York,15 declaring that a public emergency existed, directly interfered with the enforcement of covenants for the surrender of the possession of premises on the expiration of leases. Within the city of New York and contiguous counties, the owners of dwellings, including apartment and tenement houses (but excepting buildings under construction in September, 1920, lodging houses for transients and the larger hotels), were wholly deprived until November 1, 1922, of all possessory remedies for the purpose of removing from their premises the tenants or occupants in possession when the laws took effect (save in certain specified instances) providing the tenants or occupants were ready, able, and willing to pay a reasonable rent or price for their use and [290 U.S. 398, 441] occupation. People v. La Fetra, 230 N.Y. 429, 438, 130 N.E. 601, 16

A.L.R. 152; Levy Leasing Co. v. Siegel, 230 N.Y. 634, 130 N.E. 923. In the case of the Marcus Brown Company the facts were thus stated by the District Court (269 F. 306, 312): 'The tenant defendants herein, by law older than the state of New York, became at the landlord's option trespassers on October 1, 1920. Plaintiff had then found and made a contract with a tenant it liked better, and had done so before these statutes were enacted. By them plaintiff is, after defendants elected to remain in possession, forbidden to carry out his bargain with the tenant he chose, the obligation of the covenant for peaceable surrender by defendants is impaired, and for the next two years Feldman et al. may, if they like, remain in plaintiff's apartment, provided they make good month by month the allegation of their answer, i.e., pay what 'a court of competent jurisdiction' regards as fair and reasonable compensation for such enforced use and occupancy.' Answering the contention that the legislation as thus applied contravened the constitutional prohibition, this Court, after referring to its opinion in Block v. Hirsh, supra, said: 'In the present case more emphasis is laid upon the impairment of the obligation of the contract of the lessees to surrender possession and of the new lease which was to have gone into effect upon October 1, last year. But contracts are made subject to this exercise of the power of the

State when otherwise justified, as we have held this to be.' 256 U.S. page 198, 41 S. Ct. 465, 466. This decision was followed in the case of the Levy Leasing Company, supra. In these cases of leases, it will be observed that the relief afforded was temporary and conditional; that it was sustained because of the emergency due to scarcity of housing; and that provision was made for reasonable compensation to the landlord during the period he was [290 U.S. 398, 442] prevented from regaining possession. The Court also decided that, while the declaration by the Legislature as to the existence of the emergency was entitled to great respect, it was not conclusive; and, further, that a law 'depending upon the existence of an emergency or other certain state of facts to uphold it may cease to operate if the emergency ceases or the facts change even though valid when passed.' It is always open to judicial inquiry whether the exigency still exists upon which the continued operation of the law depends. Chastleton Corporation v. Sinclair, 264 U.S. 543, 547 , 548 S., 44 S.Ct. 405, 406. It is manifest from this review of our decisions that there has been a growing appreciation of public needs and of the necessity of finding ground for a rational compromise between individual rights and public welfare. The settlement and consequent contraction of the public demain, the pressure of a constantly increasing density of

population, the interrelation of the activities of our people and the complexity of our economic interests, have inevitably led to an increased use of the organization of society in order to protect the very bases of individual opportunity. Where, in earlier days, it was thought that only the concerns of individuals or of classes were involved, and that those of the state itself were touched only remotely, it has later been found that the fundamental interests of the state are directly affected; and that the question is no longer merely that of one party to a contract as against another, but of the use of reasonable means to safeguard the economic structure upon which the good of all depends. It is no answer to say that this public need was not apprehended a century ago, or to insist that what the provision of the Constitution meant to the vision of that day it must mean to the vision of our time. If by the statement that what the Constitution meant at the time [290 U.S. 398, 443] of its adoption it means to-day, it is intended to say that the great clauses of the Constitution must be confined to the interpretation which the framers, with the conditions and outlook of their time, would have placed upon them, the statement carries its own refutation. It was to guard against such a narrow conception that Chief Justice Marshall uttered the memorable warning: 'We must never forget, that it is a

constitution we are expounding' (McCulloch v. Maryland, 4 Wheat. 316, 407); 'a constitution intended to endure for ages to come, and, consequently, to be adapted to the various crises of human affairs.' Id. page 415 of 4 Wheat. When we are dealing with the words of the Constitution, said this Court in Missouri v. Holland, 252 U.S. 416, 433 , 40 S.Ct. 382, 383, 11 A.L.R. 984, 'we must realize that they have called into life a being the development of which could not have been foreseen completely by the most gifted of its begetters. ... The case before us must be considered in the light of our whole experience and not merely in that of what was said a hundred years ago.'

Nor is it helpful to attempt to draw a fine distinction between the intended meaning of the words of the Constitution and their intended application. When we consider the contract clause and the decisions which have expounded it in harmony with the essential reserved power of the states to protect the security of their peoples, we find no warrant for the conclusion that the clause has been warped by these decisions from its proper significance or that the founders of our government would have interpreted the clause differently had they had occasion to assume that responsibility in the conditions of the later day. The vast body of law which has been developed was unknown to the fathers, but it is believed to have preserved the

essential content and the spirit of the Constitution. With a growing recognition of public needs [290 U.S. 398, 444] and the relation of individual right to public security, the court has sought to prevent the perversion of the clause through its use as an instrument to throttle the capacity of the states to protect their fundamental interests. This development is a growth from the seeds which the fathers planted. It is a development forecast by the prophetic words of Justice Johnson in Ogden v. Saunders, already quoted. And the germs of the later decisions are found in the early cases of the Charles River Bridge and the West River Bridge, supra, which upheld the public right against strong insistence upon the contract clause. The principle of this development is, as we have seen, that the reservation of the reasonable exercise of the protective power of the state is read into all contracts, and there is no greater reason for efusing to apply this principle to Minnesota mortgages than to New York leases.

Applying the criteria established by our decisions, we conclude:

1. An emergency existed in Minnesota which furnished a proper occasion for the exercise of the reserved power of the state to protect the vital interests of the community. The declarations of the existence of this emergency by the Legislature and by the Supreme Court of Minnesota cannot be regarded as a subterfuge or as lacking

in adequate basis. Block v. Hirsh, supra. The finding of the Legislature and state court has support in the facts of which we take judicial notice. Atchison, T. & S.F. Rwy. Co. v. United States, 284 U.S. 248, 260 , 52 S.Ct. 146. It is futile to attempt to make a comparative estimate of the seriousness of the emergency shown in the leasing cases from New York and of the emergency disclosed here. The particular facts differ, but that there were in Minnesota conditions urgently demanding relief, if power existed to give it, is beyond cavil. As the Supreme Court of Minnesota said (249 N.W. 334, 337), the economic emergency which threatened 'the [290 U.S. 398, 445] loss of homes and lands which furnish those in possession the necessary shelter and means of subsistence' was a 'potent cause' for the enactment of the statute.

2. The legislation was addressed to a legitimate end; that is, the legislation was not for the mere advantage of particular individuals but for the protection of a basic interest of society.

3. In view of the nature of the contracts in question-mortgages of unquestionable validity-the relief afforded and justified by the emergency, in order not to contravene the constitutional provision, could only be of a character appropriate to that emergency, and could be granted only upon reasonable conditions.

4. The conditions upon which the period of redemption is extended do not appear to be unreasonable. The initial extension of the time of redemption for thirty days from the approval of the act was obviously to give a reasonable opportunity for the authorized application to the court. As already noted, the integrity of the mortgage indebtedness is not impaired; interest continues to run; the validity of the sale and the right of a mortgagee-purchaser to title or to obtain a deficiency judgment, if the mortgagor fails to redeem within the extended period, are maintained; and the conditions of redemption, if redemption there be, stand as they were under the prior law. The mortgagor during the extended period is not ousted from possession, but he must pay the rental value of the premises as ascertained in judicial proceedings and this amount is applied to the carrying of the property and to interest upon the indebtedness. The mortgagee-purchaser during the time that he cannot obtain possession thus is not left without compensation for the withholding of possession. Also important is the fact that mortgagees, as is shown by official reports of which we may take notice, are predominantly corporations, such as [290 U.S. 398, 446] insurance companies, banks, and investment and mortgage companies. 16 These, and such individual mortgagees as are small investors, are not seeking homes or the opportunity to

engage in farming. Their chief concern is the reasonable protection of their investment security. It does not matter that there are, or may be, individual cases of another aspect. The Legislature was entitled to deal with the general or typical situation. The relief afforded by the statute has regard to the interest of mortgagees as well as to the interest of mortgagors. The legislation seeks to prevent the impending ruin of both by a considerate measure of relief.

In the absence of legislation, courts of equity have exercised jurisdiction in suits for the foreclosure of mortgages to fix the time and terms of sale and to refuse to confirm sales upon equitable grounds where they were found to be unfair or inadequacy of price was so gross as to shock the conscience. 17 The 'equity of redemption' is the creature of equity. While courts of equity could not alter the legal effect of the forfeiture of the estate at common law on breach of condition, they succeeded, operating on the conscience of the mortgagee, in maintaining that it was unreasonable that he should retain for his own benefit what was intended as a mere security, that the breach of condition was in the nature of a penalty, which ought to be relieved against, and that the mortgagor had an equity to redeem on payment of principal, interest and costs, [290 U.S. 398, 447] notwithstanding the forfeiture at law. This principle of

equity was victorious against the strong opposition of the common-law judges, who thought that by 'the Growth of Equity on Equity the Heart of the Common Law is eaten out.' The equitable principle became firmly established, and its application could not be frustrated even by the engagement of the debtor entered into at the time of the mortgage, the courts applying the equitable maxim 'once a mortgage, always a mortgage, and nothing but a mortgage.' 18

Although the courts would have no authority to alter a statutory period of redemption, the legislation in question permits the courts to extend that period, within limits and upon equitable terms, thus providing a procedure and relief which are cognate to the historic exercise of the equitable jurisdiction. If it be determined, as it must be, that the contract clause is not an absolute and utterly unqualified restriction of the state's protective power, this legislation is clearly so reasonable as to be within the legislative competency.

5. The legislation is temporary in operation. It is limited to the exigency which called it forth. While the postponement of the period of redemption from the foreclosure sale is to May 1, 1935, that period may be reduced by the order of the court under the statute, in case of a change in circumstances, and the operation of the statute itself could not validly outlast the emergency or be so extended as virtually

to destroy the contracts. We are of the opinion that the Minnesota statute as here applied does not violate the contract clause of the Federal Constitution. Whether the legislation is wise or [290 U.S. 398, 448] unwise as a matter of policy is a question with which we are not concerned. What has been said on that point is also applicable to the contention presented under the due process clause. Block v. Hirsh, supra. Nor do we think that the statute denies to the appellant the equal protection of the laws. The classification which the statute makes cannot be said to be an arbitrary one. Magoun v. Illinois Trust & Savings Bank, 170 U.S. 283 , 18 S.Ct. 594; Clark v. Tutusville, 184 U.S. 329 , 22 S.Ct. 382; Quong Wing v. Kirkendall, 223 U.S. 59 , 32 S.Ct. 192; Ohio Oil Co. v. Conway, 281 U.S. 146 , 50 S.Ct. 310; Sproles v. Binford, 286 U.S. 374 , 52 S.Ct. 581.

The judgment of the Supreme Court of Minnesota is affirmed.

Judgment affirmed. [dissenting Opinion & Footnotes omitted]