The Money Masters: How International Bankers Gained Control of America -
commentary by Peter Myers, June 7, 2003; update March 17, 2010. My comments are shown {thus}.

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The Money Masters: How International Bankers Gained Control of America

Video Script
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{p. 1} 1. THE PROBLEM

There was a time in this country when to ask someone for whom he worked was considered somewhat insulting, as it implied he was an incompetent, incapable of gainful self-employment.

But now, property ownership (net wealth) is not a general feature of our society, as it was before the Civil War, and largely was still until the Great Depression. Rather, net debt and complete dependence on a precarious wage or salary at the will of others is the general condition.

Since the exercise of freedom often includes using material objects such as books, food, clothing, shelter, arms, transport, etc., the choice and possession of which requires some wealth, we are forced to admit that the general condition of Americans is one of increasing dependence and limitations on our freedom.

Since the turn of the century, there has occurred throughout the world a major increase in debt and a major decline in the freedom of individuals, and of states, to conduct their own affairs. To restore a condition of widespread, modest wealth is therefore essential to regaining and preserving our freedom.

What's going on in America today? Why are we over our heads in debt? Why can't the politicians bring debt under control? Why are so many people - often both parents now - working at low-paying, deadend jobs and still making do with less? What's the future of the American economy and way of life?

Why does the government tell us inflation is low, when the buying power of our paychecks is declining at an alarming rate? Only a generation ago, bread was a quarter and you could get a new car for $1,995 !

Are we headed into an economic crash of unprecedented proportions - one which will make the crash of 1929 and the Great Depression which followed look like a Sunday school picnic? If so, can we prevent it? Or, will we simply arrive at the same point through more inlation-caused poverty, robbing Americans of their savings, fixed incomes and wages by imperceptible degrees - reducing their purchasing power. What can we do to protect our families?

Some reliable experts say a crash is coming. They also say that there are simple, inexpensive things anyone can do to protect their families - to keep food on the table and a roofover our heads even in the worst oftimes. But to do that, we have to understand why a depression is coming, who's behind it, what they want, and how the perpetrators plan on protecting their families. Armed with this knowledge, any of us can ride out the coming storm.

Larry Bates was a bank president for eleven years. As a member of the Tennessee House of Representatives, he chaired the committee on Banking and Commerce. He's also a former professor of economics and the author of the best-selling book *The New Economic Disorder*.

"I can tell you right nawthat there is going to be a crash of unprecedented proportions. A crash like we have never seen before in this country. The greatest shock of this decade is that more people are about to loose more money then at any

{p. 2} *time before in history, but the second greatest shock will be the incredible amount of money a relatively small group of people will make at the same time. You see, in periods of economic upheaval in periods of economic crisis, wealth is not destroyed, it is merely tranferred."* - Larry Bates

Banker and former Presidential candidate Charles Collins is a lawyer, has owned banks, and served as a bank director. He believes we'll never get out of debt because the Federal Reserve is in control of our money.

*"Right now, **it's perpetuated by the Federal Reserve making us borrow the money from them, at interest, to pay the interest that's already accumulated**. So we cannot get out of debt the way we're going now"*

Economist Henry Pasquet is a tenured instructor in economics. He agrees the end is near for the U. S. economy.

"No, not when you are adding roughly a billion dollars a day. We just can't go on. We had less than 1 trillion dollars of national debt in 1980, now it's $5 trillion - 5 times greater in 15 years. It just doesn't take a genius to realize that this just can't go on forever."

The problem is we have one of the worst monetary systems ever devised - **a central bank that operates independently of our government**, which, with other private banks, creates all of our money with a parallel amount of interest-bearing debt. That's why we can never get out of debt. And that's why a deep depression is a certainty, for most of our citizens, whether caused suddenly in a severe economic crash, or gradually through continued relentless inflation. The Fed is creating it to enrich its private stockholders, just like it deliberately created the Great Depression the 1930s.

The Federal Reserve headquarters is in Washington, D.C. It sits on a very impressive address right on Constitution Avenue, right across from the Lincoln Memorial. But is it "Federal"? Is it really part of the United States government?

Well, what we are about to show you is that there is nothing *federal* about the Fed Reserve, and there are no reserves. The name is a deception created back before the Fed Reserve Act was passed in 1913 to make Americans think that America's new central bank operates in the public interest.

The truth is that the Fed is a private (or best, quasi-public) bank, owned by private National banks which are the stockholders, and run for their private profit.

"That's exactly correct, the Fed is privately-owned, for-profit corporation which has no reserves, at least no reserve to back up the Federal Reserve ot which are our common currency." - economist Henry Pasquet

The Federal Reserve Act was railroaded through a carefully prepared Congressional Conference Committee scheduled during unlikely hours of **1:30 a.m. to 4:30 a Monday, December 22, 1913** , when most members were sleeping, at which 20-40 substantial differences in the House and Senate versions were supposedly described, deliberated, debated, reconciled and voted upon in a

{p. 3} near miraculous 4 1/2 to 9 minutes per item, at that late hour. As author Anthony C. Sutton noted:

"This miracle of speediness, never equaled before or after in the U.S. Congress, is ominously comparable to the rubber stamp lawmaking of the banana republics."

At 4:30 a.m. a prepared report ofthis Committee was handed to the printers . Senator Bristow of Kansas, the Republican leader, stated on the Congressional Record that the Conference Committee had met without notifing them and that Republicans were not present, and were given no opportunity to either read or sign the Conference Committee report.

The Conference report is normally read on the Senate floor. The Republicans did not even see the report. Some Senators stated on the floor of the Senate that they had no knowledge of the contents of the Bill. **At 6:02 p.m., December 23rd, when many members had already left** the Capitol **for the Christmas holiday** , the very same day the Bill was hurried through the House and Senate, **President Woodrow Wilson signed the Federal Reserve Act of I913 into law**.

The Act **transferred control of the money supply of the United States from Congress to a pnvate banking elite** . It is not surprising that a bill granting a few national bankers a private money monopoly was passed in such a corrupted manner.

As author Anthony C. Sutton noted:

"The Federal Reserve System is a legal private monopoly of the money supply operated for the benefit of the few under the guise of protecting and promoting the public intent."

Heroic Nebraska Senator Hitchcock, the only Senate Democrat working against the bill, had proposed numerous amendments to the bill aimed at making the Federal Reserve System a government agency (i.e. placing control in the Department of the Treasury), rather than a private monopoly, but these were all tabled - so great was the power of the Money Changers over Congress by then.

If there's still any doubt whether the Federal Reserve is a part of the U.S. govemment, check your local telephone book. It's not listed in the blue "government pages." It is correctly **listed in the "business" white pages** , right next to Federal Express, another private company. But more directly, **U.S. Courts have ruled that the Fed is a special form of private corporation** .

Let's take a look at the Fed shareholders: according to researcher Eric Samuelson, as of November, 1997, **the Federal Reserve Bank of New York (which completely dominates the other eleven branches through stock ownership**, control, influence, having the only permanent voting seat on the Federal Open Market Committee and by handling all open market bond transactions), which has 19,752,655 shares outstanding, was **majority-owned by two banks - Chase Manhattan bank** (now merged with Chemical Bank) with 6,389,445 shares or 32.35%, **and Citibank**, N.A., with 4,051,851 shares or 20.51%. Together those two banks own 10,441,295 shares or 52.86%: majority control.

{p. 4} While majority ownership conclusively demonstrates effective control, it is not critical to control, which is often exercised in large, publically-traded corporations by blocks of as little as 25%, and even 2%, when the other owners hold smaller blocks.

Why can't Congress do something about this dangerous concentration of power. Most members of Congress just don't understand the system, and the few who do are afraid to speak up. For example, initially a veteran Congressman asked us if he could be interviewed. However, both times our camera crew arrived at his office to do the interview, we were not able to film. The Congressman never appeared, and eventually got cold feet and withdrew.

Fighting the bankers is a good way to see one's opponent get heavily funded in the next election. But a few others in Congress have been bolder over the years. Here are three quick examples.

In 1923, Representative Charles A. Lindbergh, a Republican om Minnesota, the father of famed aviator, "Lucky" Lindy, put it this way,

"The financial system ... has been turned over to the Federal Reserve Board. That board administers the finance system by authority of ... a purely profiteering group. The system is private, conducted for the sole purpose of obtaining the greatest possible profits from the use of other people's money."

One of the most outspoken critics in Congress of the Fed was the Chairman of the House Banking and Currency Committee during the Great Depression years, Louis T. McFadden (R-PA). He said in l932:

"We have in this country one of the most corrupt institutions the world has ever known. I refer to the Federal Reserve Board ... This evil institution has impoverished ... the people of the United States ... and has practically bankrupted our Government. It has done this through ... the corrupt practices of the moneyed vultures who control it."

Senator Barry Goldwater was a frequent critic of the Fed:

"Most Americans have no real understanding of the operation of the international moneylenders ... The accounts of the Federal Reserve System have never been audited. It operates outside the control of Congress and ... manipulates the credit of the United States"

Does that power affect you?

"The Fed really is more powerful than the federal government. It is more powerful than the President, Congress or the courts. Let me prove my case. The Fed determines what the average person's car payment and house paymentis goingto be and whether they have a job or not. And I submit to you - that is total control. ***The Fed is the largest single creditor of the U.S.government*** *. What does Proverbs tell us? The borrower is servant to the lender."* - Larry Bates

{p. 5} What one has to understand is that from the day the Constitution was adopted right up to today, the folks who profit from privately owned central banks, like the Fed, or, as President Madison called them, the "Money Changers", have fought a running battle for control over who gets to issue America's money.

Why is who issues the money so important? Think of money as just another commodity. If you have a monopoly on a commodity that everyone needs, eveyone wants, and nobody has enough of, there are lots of ways to make a profit and also exert tremendous political influence.

That's what this battle is all about. Throughout the history of the United States, the money power has gone back and forth between Congress and some sort of privately-owned central bank. The American people fought off four privately-owned central banks, before succombing to the first stage of a fifth privately-owned central bank during a time of national weakness - the Civil War.

The founding fathers knew the evils of a privately-owned central bank. First of all, they had seen how the privately-owned British central bank, the Bank of England, had run up the British national debt to such an extent that Parliament had been forced to place unfair taxes on the American colonies.

In fact, as we'll see later, **Ben Franklin claimed that this was the real cause of the American Revolution** . Most of the founding fathers realized the potential dangers of banking, and feared bankers' accumulation of wealth and power. **Jefferson put it** this way:

"I sincerely believe that banking institutions are more dangerous to our liberties than standing armies. Already they have raised up a money aristocracy that has set the government at defiance. ***The issuing power should be taken from the banks and restored to the people*** *to whom it properly belongs."*

That succinct statement of Jefferson is in fact, the solution to most of our economic problems today. James Madison, the main author of the Constitution, agreed. Interestingly, he called those behind the central bank scheme "MoneyChangers." Madison strongly criticized their actions:

"History records that the Money Changers have used every form of abuse, intrigue, deceit, and violent means possible to maintain their control over governments by controlling money and its issuance."

The battle over who gets to issue our money has been the pivotal issue through the history of the United States. Wars are fought over it. Depressions are caused to acquire it. Yet after World War I, this battle was rarely mentioned in newspapers or history books. Why?

MEDIA CONTROL

By World War I, the Money Changers with their dominant wealth, had seized control of most of the nation's press .

In a 1912 Senate Privileges and Elections Committee hearing, a letter was introduced to the Committee written by Representative Joseph Sibley (PA), a Rockefeller agent in Congress, to John D. Archbold, a Standard Oil employee of Rockefeller's, which read in part:

{p. 6} *"An efficient literary bureau is needed, not for a day or a crisis but a permanent healthy control of the Associated Press and kindred avenues. It will cost money but will be cheapest in the end."*

John Swinton, the former Chief of Staff of the New York Times, called by his peers "the Dean of his profession", was asked in 1953 to give a toast before the New York Press Club. He responded with the following statement:

"There is no such thing as an independent press in America, if we except that of litle country towns. You knowthis and I knowit. Not a man among you dares to utter his honest opinion. Were you to utter it, you knowbeforehand that it would never appear in print.

I am paid one hundred and fifty dollars a week so that I may keep my honest opinion out of the newspaper for which I write. You too are paid similar salaries for similar services. Were I to permit that a single edition of my newspaper contained an honest opinion, my occupation - like Othello's - would be gone in less than twenty-four hours.

The man who would be so foolish as to write his honest opinion would soon be on the streets in search of another job. It is the duty of a New York journalist to lie, to distort, to revile, to toady at the feet of Mammon, and to sell his country and his race for his daily bread, or what amounts to the same thing, his salary.

We are the tools and the vassals of the rich behind the scenes. We are marionettes. These men pull the strings and we dance. Our time, our talents, our lives, our capacities are all the property of these men - we are intellectual prostitutes." (As quoted by T. St. John Gaffney in *Breaking The Silence*, page 4.)

That was the U.S. press in 1953. It is the mass media of America today.

Press control, and later electronic media control (radio and TV), was seized in carefully planned steps, yielding the present situation in which **all major mass media** and the critically important major reporting services, which are the source of most news and upon which most news is based, **are controlled by the Money Changers** .

Representative Callaway discussed some of this press control in the Congressional Record, Vol. 54, Feb. 9, 1917, p. 2947:

"In March, 1915, the J.P. Morgan interests, the steel, shipbuilding, and powder interests, and their subsidiary organizations, got together 12 men high up in the newspaper world and employed them to select the most influential newspapers in the United States and sufficient number of them to control generally the policy of the daily press..

They found it was only necessary to purchase the control of 25 of the greatest papers.. An agreement was reached; ***the policy of the papers was bought****, to be paid for by the month;* ***an editor was furnished for each paper to properly supervise and edit information*** *regarding the questions of preparedness, militarism, financial policies, and other things of national and international nature considered vital to the interests of the purchasers."*

{p. 7} G. Edward Griffin quoting Ferdinand Lundberg adds this detail:

"So far as can be learned, the Rockefellers have given up their old policy of owning newspapers and magazines outright, ***relying*** *now* ***upon*** *the* ***publications*** *of all camps* ***to serve their*** *best* ***interests in return for the vast*** *volume of petroleum and allied* ***advertising under Rockefeller control****.*

After the J.P. Morgan bloc, the Rockefellers have the most advertising of any group to dispose of. And when advertising alone is not suficient to insure the fealty of a newspaper, the Rockefeller companies have been known to make direct payments in return for a friendly editorial attitude."

A few years ago, **three-quarters of the majority stockholders of ABC, CBS, NBC and CNN were banks** , such as Chase Manhattan Corp., Citibank, Morgan Guaranty Trust and Bank of America; **ten such corporations controlled 59 magazines** (including *Time* and *Newsweek*), 58 newspapers (including the *New York Times*, the *Washington Post*, the *Wall Street Journal*), and various motion picture companies, giving the major Wall Street banks virtually total ownership of the mass media, with few exceptions (such as the Disney Company's purchase of ABC).

Only 50 cities in merica now have more than one daily paper, and they are oRen owned by the same group. **Only about 25% of the nation's 1,500 daily papers are independently owned**. This concentration has been rapidly accelerating in recent years and ownership is nearly monolithic now, reflecting the identical control described above.

Of course, much **care is taken to fool the public with the appearance of competition** by maintaining different corporate logos, anchorpersons and other trivia, projecting a sense of objectivity **that belies the uniforrn underlying bank ownership and editorial control**. This accounts for the **total blackout on** news coverage and investigative **reporting of banker control of our country**.

Nevertheless, throughout U.S. history, the battle over who gets the power to issue our money has raged. In fact it has changed hands back and forth eight times since 1694, in five transition periods which may aptly be described as "Bank Wars" (or more precisely: Private Central Bank vs. American People Wars), yet this fact has virtually vanished from public view for over three generations behind a smoke screen emitted by Fed cheerleaders in the media.

Until we stop talking about "deficits" and "government spending" and start talking about who creates and controls how much money we have, it's just a shell game - a complete and utter deception. It won't matter if we pass an iron-clad amendment to the Constitution mandating a balanced budget. Our situation is only going to get worse until we root out the cause at its source.

Our leaders and politicians need to understand, those few who are not part of the problem, what is happening, and how, as well as what solutions exist. **The government must take back the power to issue our money, without debt** .

Issuing our own debt-free money is not a radical solution. It's the same solution

{p. 8} proposed at different points in U.S. history by men like Benjamin Franklin, Thomas Jefferson, Andrew Jackson, Martin Van Buren, Abraham Lincoln, William Jennings Bryan, Henry Ford, Thomas Edison, numerous Congressmen and economists.

So, to sum the economic problem up: in 1913, Congress delegated to a privately owned central bank, deceptively named the Federal Reserve System, control over the quantity of America's money, virtually all of which is created in parallel with an equivalent quantity of debt.

Though the Federal Reserve is now one of the two most powerful central banks in the world, **it was not the first**. So where did this idea come from? To really understand the magnitude of the problem, we have to travel back to Europe.

2. THE MONEY CHANGERS

Just who are these "Money Changers" James Madison spoke of above?

The Bible tells us that two thousand years ago, Jesus Christ drove the Money Changers from the Temple in Jerusalem, twice. These were the only times Jesus used physical violence. What were Money Changers doing in the Temple?

When Jews came to Jerusalem to pay their Temple tax, they could only pay it with a special coin, the half shekel of the sanctuary. This was a half-ounce of pure silver, about the size of a quarter.

It was the only coin around at that time which was pure silver and of assured weight, without the image of a pagan Emperor. Therefore, to Jews the half-shekel was the coin acceptable to God. But these coins not plentiful. The Money Changers had cornered the market on them. Then, they raised the price of them - just like any other mopolized commodity - to whatever market would bear.

In other words, the Money Changers making exorbitant profits because they held a virtual monopoly on money. The Jews had to pay whatever they demanded. To Jesus injustice violated the sanctity of God's house.

3. ROMAN EMPIRE

But the money changing scam did not originate in Jesus' day. Two hundred years before Christ, Rome was having trouble with Money Changers.

Two early Roman emperors had tried to diminish the power ofthe Money Changers by reforming usury laws and limiting land ownership to 500 acres. They both were assassinated. In 48 B.C., Julius Caesar took back the power to coin money from the Money Changers and minted coins for the benefit of all.

With this new, plentifill supply of money, he built great public works projects. By making money plentiful, Caesar won the love common man. But the Money Changers hated him. Some believe this was an important factor in Caesar's assassination.

One thing is for sure, with the death of Caesar came the demise of plentiful money in Rome. Taxes increased, as did corruption.

{p. 9} Eventually, the Roman money supply was reduced by 90%. As a result, the common people lost their lands and homes - just as has happened and will happen again in America to the few who still own their own land or homes. With the demise of plentiful money and the loss of their property, the masses lost confidence in Roman government and refused to support it. Rome plunged into the gloom of the Dark Ages.

4. THE GOLDSMITHS OF MEDIEVAL ENGLAND

"Sorrow is knowledge; they who know he most, must mourn the deepest o'er the fatal truth, the Tree of Knowledge is not that of Life."- Byron

The Chinese were the first to use paper money, known as "Flying Money," (a kind of banker's draft) in 618-907 A.D. About 1000 A.D. private Chinese merchants in Sichuan province issued paper money known as *Jiao Zi*. Due to fraud, **the right to issue paper money was taken over by the Song dynasty in 1024**, which then issued **the first government paper money** .

About that same time, Money Changers - those who exchange, create and manipulate the quantity of money - were active in medieval England. In fact, they were so active that acting together, they could manipulate the English economy. These were not bankers, per se. The Money Changers generally were the goldsmiths.

They were the first bankers because they started keeping other people's gold for safekeeping in their *safe rooms*, or vaults.

The first paper money in Western Europe was merely receipts for gold left at the goldsmiths , made from rag paper as the ditty goes:

"Rags make paper; paper makes money; money makes banks; banks make loans; loans make beggars; beggars make rags."

Paper money caught on because it was more convenient and safer to carry than a lot of heavy gold and silver coins. As a convenience, **to avoid an unnecessary trip to the goldsmiths, depositors began endorsing these gold deposit receipts to others, by their signature**.

Over time, to simplify the process **the receipts were made out "to the bearer** ", rather than to the individual depositor, **making them readily transferable** without the need for a signature. **This**, however, **broke the tie to any identifiable deposit of gold**.

Eventually goldsmiths noticed that **only a small fraction of the depositors** or bearers ever came in and **demanded their gold at any one time**. Goldsmiths started cheating on the system.

They began by **secretly lending out some of the gold** that had been **entrusted to them for safekeeping**, and **keeping the interest** earned on this lending.

Then the goldsmiths discovered that **they could print more money (i.e. paper gold deposit certificates) than they had gold** and usually no one would be the wiser. Then, **they could loan out this extra paper money and collect interest** on it. This was **the birth of fractional reserve lending** - that is, loaning out more money than you have reserves on deposit. Obviously, it was fraud, often specifically outlawed, once understood.

{p. 10} The goldsmiths began with relatively modest cheating, loaning out only **two or three times** in gold deposit certificates the amount of gold they actually had in their safe rooms. But they soon grew more confident, and greedier, loaning out **four, five, even ten times** more gold certificates than they had gold on deposit.

So, for example, **if $1,000 in gold were deposited** with them, **they could loan out** about **$10,000 in paper money and charge interest on it**, and no one would discover the deception. By this means, goldsmiths gradually accumulated more and more wealth and used this wealth to accumulate more and more gold.

It was this abuse of trust, a fraud, which, after being accepted as standard practice, **evolved into modern deposit banking**. It is still a fraud and an unjust and unreasonable delegation of a sovereign government function - money creation - to private banks.

Today, this practice of loaning out more money than there are reserves is known as **fractional reserve banking**. In other words, banks have only a small fraction of the reserves on hand needed to honor their obligations. Should all their account holders come in and demand cash, the banks would run out before even three percent have been paid. That is why banks always live in dread fear of "bank runs". To banks, fractional reserve loans,

"... are a bright joy as brittle as glass accompanied by the haunting fear of a sudden break."

This is **the fundamental cause of the inherent instability in banking, stock markets and national economies** .

The banks **in the United States** are **allowed to loan out at least ten times more money they actually have** . That's why they do so on charging let's say 8% interest. It's **not really 8% per year which is their interest income on money the government issues. It's 80%.** That's why bank buildings are always the largest in town. Every bank is, *de facto*, a private mint (over 10,000 in the U.S.), issuing money as loans, for nothing, **at no cost to them, except whatever interest they pay depositors** .

Rather than issue more gold certificates than they have gold, **modern bankers** simply **make more loans than they have currency (cash)**. They do this by making book entries creating loans to borrowers out of thin air (or rather, ink).

To give a modern example: **A $10,000 bond purchase by the Fed** on the open market **results in a $10,000 deposit to the bond seller's bank account**. Under a 10% (i.e. fractional) reserve requirement, **the bank need keep only $1,000 in reserve, and may lend out $9,000**. This $9,000 is ordinarily deposited by the borrower in either the same bank or in other banks, which then must keep 10% ($900) reserve, and may lend out the other $8,100. This $8,100 is in turn deposited in banks, which must keep 10% ($810) in reserve, and then may lend out $7,290, and so on.

Carried to the theoretical limits, **the initial $10,000 created by the Fed** , is deposited in numerous banks in the banking system, which **gives rise** (in roughly 20 repeated stages) **to expansion of $90,000 in new loans** , in addition to the $10,000 in reserves.

In other words, **the banking system, collectively, multiplies the $10,000 created by the**

{p. 11} **Fed by a factor of 10**. However, less than 1% of the banks create over 75% of this money. In other words, **a handful of the largest Wall Street banks create money**, as loans, literally **by the hundred billion** , charging interest on these loans, **leaving crumbs for the rest of the banks** to create. But because those crumbs represent billions too, the lesser bankers rarely grumble. Rather, they too support this corrupt system, with rare exceptions.

In actual practice, due to numerous exceptions to the 10% reserve requirement, the banking system multiplies the Fed's money creation by several magnitudes over 10 times (e.g. **the Fed requires only 3% reserves on deposits under c. $50 million** , and **no reserves on Eurodollars and nonpersonal time deposits**).

Thus **the U.S. currency and bank reserve total of roughly $600 billion**, **supports a total debt structure in the U.S. of over $20 trillion** in debt - roughly $80,000 in debt for every American, man, woman and child, which includes the national debt, bank debt, credit card debt, home mortgages, etc.

The Fed created only roughly 3% of this total, private banks created roughly 97% (including intra-government debt). All of this could and should have been created by the U.S. government, without the parallel creation of an equivalent quantity of interest-bearing debt, over the years and used to pay for government expenditures, thus reducing taxes accordingly.

MORAL ISSUES

But does all of this mean that all interest or all banking should be illegal? No. In the Middle Ages, Canon law, the law of the Catholic Church, forbade charging interest on loans. This concept followed the teachings of Aristotle as well as of Saint Thomas Aquinas.

They taught that the purpose of money was to serve the members of society as a medium of exchange to facilitate the exchange of goods needed to lead a virtuous life. Interest, in their belief, hindered this purpose by putting an unnecessary and inequitable burden on the use of money. In other words, interest was contrary to reason and justice.

Reflecting Church Law in the Middle Ages, all European nations forbade charging interest, except on productive loans (i.e. on **loans generating a profit to be shared with the lenders** as their "interest", as a partner, or **"silent investor at risk"**, as we would say today), and made it a crime called usury.

As commerce grew and therefore opportunities for investment arose in the late Middle Ages, it came to be that to loan money had a cost to the lender in lost gain given up, and in risks. So such "extrinsic" charges were allowed, as was profit-sharing on productive investments, but not interest *per se* as pure (or "intrinsic") gain from a loan.

But all moralists, no matter what religion or what their position on usury, condemn fraud, oppression of the poor and injustice as dearly immoral. As we will see, **fractional reserve lending** is rooted in a fraud, **results in widespread poverty**, oppression of the poor, **and reduces the value of everyone else's money** . Ignorance of this technique has largely silenced moral condemnation of it.

Unfortunately, **a few schools of some religions, limit their condemnation** of fraud, oppression and injustice **to that conducted**

{p. 12} **against their own people, only**. This deplorable limitation, which arises out of an exclusiveness in justice and charity, is one of the causes of this banking problem. Other peoples inevitably come to be regarded as inferior or even subhuman.

This inevitably results in a weltanschauung or world view, according to which "peace" means the predominance of the "superior" peoples and the "superior" race - a gross form of crude materialism which is merely a concealed nationalism, even though it condemns the defensive nationalism it arouses in others. But the principal determinants of nationalism, in its last analysis, are merely psychological and variable, not any inherent "superiority".

Men forget that the human species is one great human race with a common origin, a common end, and equality of rational nature, in which **there are no special "higher races"** , as linguistics, genetics, anthropology and other sciences increasingly affirm.

Even if there were superior races, surely they should be measured by excellence in **virtue, not** in **cunning and deceit**. But as it is, the differences in peoples should serve to enrich and embellish the human race by the sharing of their own peculiar gifts and by the reciprocal interchange of goods.

To return to the goldsmiths: they also discovered that **extra profits could be made by *"rowing"* the economy between easy money and tight money**. When they made money easier to borrow, then the amount of money in circulation expanded. Money was plentiful. People took out more loans to expand their businesses. But then the goldsmiths would tighten the money supply. They would mal loans more difficult to get.

What would happen? Just what happens today. A certain percentage of people could not repay their previous loans, and could not take out new loans to repay the old on. Therefore they went bankrupt, and had to sell their assets to the goldsmiths or at auction for pennies on the dollar.

The same thing is still going on today, or today we call this rowing of the economy, up and down, the "Business Cycle," or more recently in the stock markets, *"corrections"*.

5. TALLY STICKS

King Henry I, son of William the Conqueror, ascended the English throne in 1100 A.D.

At that time, long before the invention of the printing press, taxes were generally paid in kind - *i.e.* in goods, based on the productive capacity of the land under the care of the tax-paying serf or lesser noble. **To record production, medieval European scribes used** a crude accounting device - **notches on sticks or "tallies"** (from the Latin *talea* meaning "twig" "stake"). Tally sticks worked better than faulty memory or notches on barn doors, as were sometimes used.

To prevent alteration or counterfeiting, the sticks were cut in half lengthwise, leaving one half of the notches on each piece, one of which was given to the taxpayer, which could compared for accuracy by reuniting the pieces. Heny adopted this method of tax record keeping in England.

Over time, the role of tally sticks evolved and expanded. By the time of Henry II taxes

{p. 13} were paid two times a year. The first payment, made at Eastertime, was evidenced by giving the taxpayer a tally stick notched to indicate partial payment received, with the same lengthwise split to record, for both parties, the payment made. These were presented at Michaelmas with the balance of taxes then due.

It takes only a little imagination to arrive at the next step: **tallies were issued by the government in advance of taxes being paid** in order **to raise finds in emergencies** or financial straits. **The recipients would accept such tallies for goods sold at a profit or for coin**, at a discount, and then would use them later, at Easter or Michaelmas, for the payment of the taxes. Thus, **tallies took on some of the same functions as coin** - they served as money for the payment of taxes.

After 1694 the government issued paper 'tallies" as paper **evidence of debt (i.e. government borrowing) in anticipation of the collection of future taxes**. Paper could be made easily **negotiable**, which made them the full **equivalent of the paper bank note money isued by the Bank of England beginning in 1694**. By 1697 tallies, bank notes and bankbills all began to circulate freely as interchangeable forms of money. Wooden stick tallies continued to be used until 1826. Doubtless, ways were found to make them circulate at discounts too, like the paper tallies.

One particular Tally Stick was quite valuable. It represented £25,000. One of the original stockholders in the Bank of England purchased his original shares with such a stick. In other words, he bought shares in the world's richest and most powerful corporation, with a stick of wood.

It's ironic that after its formation in 1694, the Bank of England attacked the Tally Stick system because it was money issued outside the control of the Money Changers.

Why would people accept sticks of wood for money? That's a great question. Throughout history, people have traded anything they thought had value and used that for money. You see, the secret is that **money is only what people agree on to use as money** . What's our paper money today? It's really just paper.

But here's the trick: **King Henry ordered that Tally Sticks be used to evidence tax payments received** by the government. **This built in demand for tallies and** eventually **made them circulate and be accepted as money** . And they worked well. In fact, no other money worked and for so long in the British Empire.

In the 1500's, King Henry VIII relaxed the laws concerning usury and the Money Changers wasted no time reasserting themselves. They made their gold and silver money plentiful for a few decades.

But when Queen Mary took the throne and tightened the usury laws again, the Money Changers renewed the hoarding of gold and silver coin, forcing the economy to plummet.

When Mary's half-sister, Queen Elizabeth I, took the throne, she was determined to regain control over English money. Her solution was to issue gold and silver coins from the public treasury and thus take the control over the money supply away from the Money Changers.

Although control over money was not the only cause of the English Revolution in 1642

{p. 14} - religious differences fueled the conflict - monetary policy played a major role. **Financed by the Money Changers, Oliver Cromwell** finally **overthrew King Charles**, purged Parliament, and put the King to death.

The Money Changers were immediately allowed to consolidate their financial power. The result was that for the next fifty years the Money Changers plunged Great Britain into a series of costly wars. They **took over a square mile of property in the center of London, known as The City**. This semi-sovereign area today is **still one of the two predominant financial centers** of the world **(with Wall Street)**. It is not under the jurisdiction of the London police, but **has its own private force of 2,000 men** .

Conflicts with the Stuart kings led the Money Changers in England to combine with those in the Netherlands, which already had **a central bank established by the Money Changers in Amsterdam in 1609**, to **finance the invasion of William of Orange** , who overthrew the legitimate Stuarts in 1688. England was to trade masters: an unpopular King James II, for a hidden cabal of Money Changers pulling the strings of their usurper, King William III ("King Billy"), from behind the scenes.

This symbiotic relationship between the Money Changers and the higher British aristocracy continues to this day. **The Monarch** has no real power, but serves as **a useful shield for the Money Changers who rule The City, dominated by** the banking House of **Rothschild**:

"in theory still a real monarch, although in reality only a convenient puppet, to be used by the cabinet (The City) at pleasure to suit their awn ends; not able even to exercise the power of pardon that is a prerogative of a governor of an Americar state and of the President of the United States."

In 1934, (June 20), the *NewBritain Magazine* of London cited a devastating assertion by former British Pnme Minister **David Lloyd George** that,

"Bntain is the slave of an international financial bloc."

It also quoted these words written by Lord Bryce:

"Democracy has no more persistent and insidious foe than the money powers ..." and pointed out that "questions regarding the Bank of England, its conduct and its objects, be not allowed by the Speaker" (of the House of Commons).

6. THE BANK OF ENGLAND

By the end of the 1600s, England was in financial ruin. Fifty years of more or less ontinuous wars with France and sometimes the Netherlands had exhausted her.

Frantic government officials met with the Money Changers to beg for the loans necessary to pursue their political purposes. The price was high - **a government-sanctioned, privately-owned central bank which could issue money created out nothing, as loans**.

It was to be the modern world's first privately-owned, national central bank in a powerful country, the Bank of England, though earlier deposit banks had existed in

{p. 15} Venice (1361), in Amsterdam (1609), and Sweden (1661) which issued the first bank notes in Europe that same year - 1661. Although it was **deceptively called the Bank of England to make the general population think it was part of the government** , it was not. Like any other private corporation, the Bank of England **sold shares to get started**.

The investors, whose names were never revealed, were supposed to put up one and a quarter million (British pounds) in gold coin to buy their shares in the Bank. But only £750,000 pounds was ever received.

Despite that, the Bank of England was duly chartered in 1694, and started out in the business of loaning out several times the money it supposedly had in reserves, all at interest.

In exchange, **the new bank would loan British politicians as much as they wanted** . The debt was **secured by direct taxation** of the British people.

So, legalization of the Bank of England mounted to nothing less than legalized countfeiting of a national currency for private gain. Unfortunately, nearly every nation now has a privately controlled central bank, the local Money Changers using the Bank of England as the basic model.

Such is the power of these central banks that they soon take total control over a nation's economy. It soon amounts to nothing but a plutocracy - rule by the rich, and the bankers soon come to be the dominant super-rich class. It is like putting control of the army in the hands of the mafia. The danger of tyranny is extreme. **Yes, we need a central monetary authority - but one owned and controlled by the government**, not by bankers for their private profit.

Sir William Pitt, speaking to the House of Lords in 1770 stated:

"There is something behind the throne greater than the king himself."

This reference to the Money Changers behind the Bank of England gave birth to the expression *"the power behind the throne."*

In 1844, Benjamin Disraeli, in a veiled allusion to this same power wrote:

"The world is governed by very different personages from what is imagined by those who are not behind the scenes."

On November 21, 1933, President Franldin D. Roosevelt, in a letter to a confidant, wrote:

*"The real truth of the matter is, as you and I know, that **a financial element in the large centers has owned government ever snce the days of Andrew Jackson..."***

[Note: Besides FDR's main point, this amounts to high praise for President Jackson, as we will see.]

The central bank scam is really a hidden tax, but one that benefits private banks more than the government. **The government sells bonds to pay for things for which the government does not** have the political wisdom or will to **raise taxes to pay**. But **about 10% of the bonds are purchased with money the central bank creates out of nothing** . The government then spends this new money. Once deposited, **private banks use these new deposits to create ten times as much in new fractional reserve**

{p. 16} **loans**. **This provides** the economy with **the additional money needed to purchase the other 90% of the new bonds** , without drying up capital markets and forcing up interest rates.

By borrowing the money (i.e. selling new bonds), the government spreads the inflationary effects out over the term of the bonds. Thus there is little to no immediate inflation.

More money in circulation makes your money worth less. The politicians get as much money as they want, and the people pay for it in inflation, which erodes the purchasing power of their savings, fixed income and wages. The perverse beauty of the plan is that not one person in a thousand can figure it out because it's deliberately hidden behind complex-sounding economics gibberish. The full effects of the infiation are only experienced much later - too late to stop.

With the formation of the Bank of England, the nation was soon awash in money. Prices throughout the country doubled . Massive loans were granted for just about any wild scheme. One venture proposed draining the Red Sea to recover gold supposedly lost when the Egyptian army drowned pursuing Moses and the Israelites.

By 1698, just four years later, **government debt had grown from the initial 1-1/4 million pounds to 16 million** . Naturally, **taxes were increased** and then increased again **to pay** for all this.

With the British money supply firmly in their grip, the British economy began a wild roller coaster series of booms and depressions exactly the sort of thing a central bank claims it is designed to prevent, as Eddie George, Governor of the Bank of England, stated:

"There are two things which are intrinsic not just to the Bank of England, but to central banking generally. The first is an involvement in the formation of monetary policy with the specific objective of achieving monetary stability."

7. THE RISE OF THE ROTHSCHILDS

This is Frankfort, Germany. Fifty years after the Bank of England opened its doors, a goldsmith narned Amschel Moses Bauer opened a coin shop - a counting house - in 1743, and over the door he placed sign depicting **a Roman eagle on a red shield** . The shop became known as the Red Shield firm, or in German Rothschild.

When his son, Meyer Amschel Bauer, inherited the business, he decided to **change name to Rothschild**.

Meyer Rothschild soon learned that **loan money to governments and kings was more profitable than loaning to private individuals**. Not only were the loans **bigger**, but they were **secured by the nation's taxes** .

Meyer Rothschild had five sons. He trained them all in the secret techniques of money creation and manipulation, then sent them to the major capitals of Europe to open branch offices of the family banking business. Iis directed that one son in each generation was to rule the family business; women were excluded.

His first son, Amschel, stayed in Frankfort to mind tbe hometown bank. His second son, Salomon was sent to Vienna. His third sob, Nathan was clearly the most clever. He was

{p. 17} sent to London at age 21 in 1798, a hundred years after the founding of the Bank of England. His fourth son, Karl, went to Naples. His fifth son, Jakob (James), went to Paris.

"There is evidence fhat when the five brothers spread out to the five provinces of the financial empire of Europe, they had some secret help for the accumulation of these enormous sums ... that they were the treasurers of this first Comintern .. But others say, and I think with better reason, that the Rothschilds were not the treasurers, but the chiefs .. " - C.G. Rakovsky

In 1785, **Meyer moved his entire family to a larger house**, a five story dwelling he **shared with the Schiff family**. This house was known the "Green Shield" house. The Rothschilds and the Schiffs would play a central role in the rest of European financial history, and in that the United States and the world. The Schiffs' grandson moved to New York and helped fund the Bolshevik coup d 'etat in 1917 in Russia.

The Rothschilds broke into dealings with European royalty in Wilhelmshohe, the palace ofthe wealthiest man in Germany - in fact, tbe wealthiest monarch in all of Europe - Prince William of Hesse-Cassel.

At first, the Rothschilds were only helping William speculate in precious coins. But when Napoleon chased Prince William into exile, William sent £550,000 (a gigantic sum at that time, equivalent to many millions of current U.S. dollars) to Nathan Rothschild in London with instructions from him to buy Consola - British government bonds also called government stock. But Rothschild used the money for his own purposes. With Napoleon on the loose, the opportunities for highly profitable wartime investments were nearly limitless.

William returned to WIlhelmshohe, sometime prior to the Battle of Waterloo in 1815. He summoned the Rothschilds and demanded his money back.

The Rothschilds returned William's money, with the 8% interest the British Consols would have paid him had the investment actually been made. But the Rothschilds kept all the vast wartime profits they had made using Wilhelm' s money-shady practice in any century.

Partly by such practices, Nathan Rothschild was able to later brag that in the seventeen years he had been in England, he had increased his original £20,000 stake given to him by his father by 2,500 times (=£50,000,000), a truly vast sum at that time, comparable to billions of current U.S. dollars in purchasing power.

As early as 1817, the director ofthe Prussian Treasury, on a visit to London, wrote that Nathan Rothschild had:

"... incredible influence upon all financial ffairs here in London. ***It is widely stated ... that he entirely regulates the rate of exchange in the City****. His pwer as a banker is enormous. "*

Austrian Prince Metternich's secretary wrote of the Rothschilds as early as 1818 that:

"...they are the richest people in Europe".

By cooperating within the family, using fractional reserve banking techniques, the Rothschilds' banks soon grew unbelievably wealthy. By the mid-1800s, they dominated all European banking, and were certainly the

{p. 18} wealthiest family in the world. A large part of **the profligate nobility of Europe became deeply indebted to them.**

In virtue of their presence in five nations as bankers, they were effectively autonomous - an entity independent from the nations in which they operated. **If one nation's policies were displeasing** to them or their interests, they could simply do no further lending there, or **lend to those nations or groups opposed to such policies** . Only they knew where their gold and other reserves were located, thus shielding them from government seizure, penalty, pressure or taxation, as well as effectively making any national investiation or audit meaningless. **Only they knew the extent (or paucity) of their fractional reserves** , scattered in five nations - a tremendous advantage over purely national banks engaging in fractional reserve banking too.

It was precisely **their international character** that **gave them unique advantages over national banks and governments** , and that was precisely what rulers and national parliaments should have prohibited, but did not. This remains true of international or multi-national banks to this very day, and is the driving force of **globalization - the push for one-world government** .

The Rothschilds provided huge loans to establish monopolies in various industries, thereby guaranteeing the borrowers' ability to repay the loans by raising prices without fear of price competition, while increasing the Rothschild's economic and political power.

They financed **Cecil Rhodes**, rnaking it possible for him to establish a monopoly over the gold fields of South Africa and the deBeers over diamonds. In America, they financed the monopolization of railroads.

The National City Bank of Cleveland, which was identified in Congressional hearings as **one of three Rothschild banks in the United States**, **provided John D. Rockefeller with the money** to begin his monopolization of the oil refinery business, **resulting in Standard Oil**.

Jacob Schiff, who had been born in the Rothschild "Green Shield" house in Frankfort and who was then **the principal Rothschild agent in the U.S.**, advised Rockefeller and developed the infamous rebate deal Rockefeller secretly demanded from railroads shipping competitors' oil.

These same railroads were already monopolized by **Rothschild control through** agents and **allies J.P. Morgan** and **Kuhn, Loeb & Company** (Schiff was on the Board) which together controlled 95% of all U.S. railroad mileage.

By 1850, James Rothschild, the heir of the French branch of the family, was said to be worth 600 million French francs - 150 million more than all the other bankers in France put together.

James had been established in Paris in 1812 wih a capital of $200,000 by Mayer Amschel. At the time of his death in 1868, 56 years later, his annual income was $40,000,000. **No forune in America at that time equaled even one year's income of James** . Referring to James Rothschild, the poet Heinrich Heine said:

"Money is the god of our times, and Rothschild is his prophet."

{p. 19} James built his fabulous mansion, called Femeres, 19 miles northeast of Paris. Wilhelm I, on first seeing it exclainned, *"Kings couldn't afford this. It could only belong to a Rothschild."* Another 19 century French commentator put it this way;

"There is but one power in Europe and that is Rothschild."

There is no evidence that their predominant standing in European or world finance has changed, to the contrary, **as their wealth has increased they have simply increased their "passion for anonymity"**. **Their vast holdings rarely bear their name** .

Author Frederic Morton wrote of them that they had *"conquered lhe world more thoroughly, more cunningly, and much more lastingly than all the Caesars before..."*

Now let's take a look at the results the Bank of England produced on the British economy, and how that later was the root cause of the American Revolution.

8. THE AMERICAN REVOLUTION

By the mid-1700s, the British Empire was approaching its height of power around the world. Britain had fought four wars in Europe since the creation of its privately-owned central bank, the Bank of England. The cost had had been high. **To finance these wars, the British Parliament, rather than issuing its own debt-free currency, had borrowed heavily from the Bank**.

By thie mid-1700s, **the government's debt was £140,000,000** - a staggering sum for those days. Consequently, the British government embarked on a program of trying to **raise revenues from its American colonies** in order **to make the interest payments to the Bank**.

But in America, it was a different story. The scourge of a privately-owned central bank had not yet landed in America, though the Bank of England exerted its baneful influence over the American colonies after 1694.

Four years earlier, **in 1690 the Massachusetts Bay colony printed its own paper money - the first in America** . This was **followed in 1703 by South Carolina and then by other colonies** . In the mid-1700s, pre-Revolutionary America was still relatively poor. There was a severe shortage of precious metal coins to trade for goods, so the early colonists were increasingly forced to experiment with printing their own home-grown paper money. Some of these experiments were successful. Tobacco was used as money in some colonies with success.

In 1720 every colonial Royal Governor was instructed to curtail the issue of colonial money. This was largely unsuccessful. **In 1742 the British Resumption Act required that taxes and other debts be paid in gold**. This caused a depression in the colonies - property was seized on foreclosure by the rich for one-tenth its value.

Benjamin Franklin was a big supporter ofthe colonies printing their own money . In 1757, Franklin was **sent to London to fight for colonial paper money**. He ended up staying for the next 18 years - nearly until the start of the American Revolution. During this period, **ignoring Parliament, more American colonies began to issue their own money** .

{p. 20} Called Colonial Scrip, the endeavor was successful, with notable exceptions. It provided a reliable medium of exchange, and it also helped to provide a feeling of unity between the colonies. Remember, most Colonial Scrip was just paper money - **debt-free money - printed in the public interest and not really backed by gold or silver coin**. In other words, it was **a fiat currency**.

Officials of **the Bank of England asked Franklin how he would account for the new-found prosperity of the colonies** . Without hesitation he replied:

*"That is simple. **In the colonies we issue our own money**. It is called Colonial Scrip. **We issue it in proper proportion to the demands of trade and tndustry to make the products pass easily from the producers to the consumers**...*

*In this manner, creating for ourselves our own paper money, **we control its purchasing power, and we have no interest to pay to no one."***

This was just common sense to Franklin, but you can imagine the impact it had at the Bank of England. **America had learned the secret of money**, and that genie had to be returned to its bottle as soon as possible.

[1st American Central Bank War (1764-1776); Bank of England; 12 years duration]

As a result, **Parliament** hurriedly passed the Currency Act of 1764. This **prohibited** colonial officials from **issuing their own money** and ordered them to pay all future taxes in gold or silver coins. In other words, it **forced the colonies on a gold and silver standard**. This **initiated** the first intense phase of the first "Bank War" in America, which ended in defeat for the Money Changers beginning with **the Declaration of Independence** , and concluded by the subsequent peace Treaty of Paris 1783.

For those who believe that a gold standard is the answer for America's current moneta problems, look what happened to America afer the Currency Act of 1764 was passed. Writing in his autobiography, Franklin said:

"In one year, the conditions were so reversed that the era of prosperiy ended, and a depression set in, to such an exten that the streets of the Colonies were filled with unemployed."

Franklin claims that this was even the basic cause for the American Revolution. **As Franklin put it in his autobiography:**

"The Colonies would gladly have borne the little tax on tea*and other matters had it not been that* ***England took away from the Colonies their money, which created unemployment and dissatisfaction."***

In 1774, Parliament passed **the *Stamp Act*** which **required** that a stamp be placed on ever instrument of commerce indicating **payment of tax in gold**, which threatened the colonial paper money again. **Less than two weeks later, the Massachusetts Committee of Safety passed a resolution directing** the issuance of **more colonial currency and honoring the currency of other colonies.**

On June 10 and June 22, 1775, the "Congress of the Colonies" resolved to issue million in paper money based on the credit and faith of the "United Colonies". This flew in

{p. 21} the face of the Bank of England and Parliament. It constituted an act of defiance, a refusal to accept a monetary system unjust to the people of the colonies.

"Thus ***the bills of credit [ie. paper money]*** *which historians with ignorance or preiudice have belitled as instruments of reckless financial policy,* ***were really the standards of the Revolution****. They were more than this: they were the Revolution itself."* - Alexander Del Mar, historian

By the time the first shots were fired in Concord and Lexington, Massachusetts on April 19, 1775, **the colonies had been drained of gold and silver coin by British taxation**. As result, **the Continental government had no choice but to print its own paper money to finance the war**.

At the start of the Revolution, the U.S. (colonial) money supply stood at $12 million. By the end of the war, it was nearly $500 plion. This was partly a result of massive British counterfeiting. As a result, the currency was virtually worthless. Shoes sold for $5,000 a pair.

George Washington lamented, "A wagon load of money will scarcely purchase awagon of provisions."

Earlier, Colonial scrip had worked because just enough was issued to facilitate trade and counterfeiting was minimal . Today, those who support a gold-backed currency point to this period during the Revolution to demonstrate the evils of a fiat currency. But remember, the currency had worked so well twenty years earlier during times of peace that the of England had Parliament outlaw it, and during the war the British deliberately sought

{p. 21} to undermine it by counterfeiting it in England and shipping it "by the bale" to the colonies.

[2nd American Central Bank War (1781-1785); Bank of North America; 4 years]

9. THE BANK OF NORTH AMERICA

Towards the end of the Revolution, the Continental Congress, meeting at Independence Hall in Philadelphia, grew desperate for money. In 1781, they allowed Robert Morris, their Financial Superintendent, to open a privately-owned central bank in hopes that would help. Incidentally, Morris was a wealthy man who had grown wealthier during the Revolution by trading in war materials.

Called **the Bank of North America**, the new bank was **closely modeled after the Bank of England** . It was allowed to practice (or rather, it was not prohibited from) fractional reserve banking - that is, it could lend out money it didn't have, then charge interest on it. If you or I were to do that, we would be charged with fraud, a felony. Few understood this practice at the time, which was, of course, concealed from the public and politicians as much as possible. Further, the bank was given a monopoly on issuing bank notes, acceptable in payment of taxes.

The Bank's charter called for private investors to put up $400,000 worth of initial capital. But when Morris was unable to raise the money, he brazenly used his political influence to have gold deposited in the bank which had been loaned to America by France. He then loaned this money to himself and his friends to

{p. 22} reinvest in shares of the bank. The second American Bank War was on.

Soon, the dangers became clear. The value of American currency continued to plummet, so, four years later, in 1785, the Bank's charter was not renewed, effectively ending the threat of the Bank's power. Thus the second American Bank War quickly ended in defeat for the Money Changers.

The leader of the successful effort to kill the Bank, a patriot named William Findley, of Pennsylvania, explained the problem this way:

"This institution, having no principle but that of avarice, will never be varied in its object ... to engross all the wealth, power and influence of the state."

Plutocracy, once established, will corrupt the legislature so that laws will be made in its favor, and the administration of justice, to favor the rich.

The men behind the Bank of North America - **Alexander Hamilton**, Robert Moms, and the Bank's President, Thomas Willing - did not give up.

Only **six years later, Hamilton - then Secretary of the Treasury - and his mentor, Morris, rammed a new privately-owned central bank through the new Congress**.

Called the First Bank of the United States, Thomas Willing again served as the Bank's President. The players were the same, only the name of the Bank was changed.

10. THE CONSTITUTIONAL CONVENTION

In 1787, colonial leaders assembled in Philadelphia to replace the ailing Articles of Confederation. As we saw earlier, both Thomas Jefferson and James Madison were unalterably opposed to a privately-owned central bank. They had seen the problems caused by the Bank of England. They wanted nothing of it. As **Jefferson** later **put it**:

***"If the American people ever allow private banks to control the issue of their currency** , first by inflation, then by deflation, **the banks** and the corporations which growup around them **will deprive the people of all property until their children wake up homeless** on the continent their fathers conquered."*

During the debate over the future monetary system, another one of the founding fathers, Governor Morris, headed the committee that wrote the final draft of the Constitution. Morris knew the motivations of the bankers well.

Along with his old boss, Robert Morris, Governor Morris and Alexander Harnilton were the ones who had presented the original plan for the Bank of North America to the Continental Congress in the last year of th Revolution.

In a letter he wrote to James Madison on July 2, 1787, Governor Morris revealed what was really going on:

"The rich will strive to establish their dominion and enslave the rest . They always did. They always will. ... They will

{p. 23} have the same effect here as elsewhere, if we do not, by [the power of] government, keep them in their proper spheres."

Despite the defection of Gouvenor Morris from the ranks of the Bank, **Hamilton, Robert Morris, Thomas Willing, and their European backers** were not about to give up.

They **convinced** the bulk of the delegates to **the Constitution Convention not to give Congress the power to issue paper money**. Most of the delegates were still reeling from the wild inflation of the paper currency during the Revolution. They had forgotten how well Colonial Scrip had worked before the War. But the Bank of England had not. The Money Changers could not stand to have America printing her own money again.

Many believed the Tenth Amendment, which reserved powers to the States which were not delegated to the federal government by the Constitution, made the issuance of paper money by the federal government unconstituonal, since **the power to issue paper money ws not specifically delegated to the federal government in the Constitution**. The Constitution is silent on this point. However, the Constitution specifically forbade the individual States to *"emit bills of credit"* (paper money).

Most of the framers intended the Constitution's silence to keep the new federal government from having the power to authorize money creation. Indeed, the journal of Convention for August 16 reads as follows:

"It was moved and seconded to strike out words 'and emit bills of credit,' and the motion...passed in the affirmative."

But **Hamilton and his banker friends saw this silence as an opportunity of keeping the government out of paper money creation which they hoped to monopolize privately**. So both bankers and anti-banking delegates, for opposing motives, supported leaving any federal government authority for paper money creation out of the Constitution, by a four to one margin. This **ambiguity** left the door open for the Money Changers, just as they had planned.

Of course, paper money was not itself the main problem, fractional reserve lending was the greater problem since it multiplied any inflation caused by excessive paper currency issuance by several times. But this was not understood by many, whereas the evils of excessive paper currency issuance were.

In their belief that prohibiting paper currency was a good end the framers were well advised. Prohibiting all paper currency would have severely limited the fractional reserve banking then practiced, since the use of checks was minimal and would, arguably, have been prohibited as well. But bank loans, created as book entries, were not addressed, and so were not prohibited.

As it happened, **the federal and state governments were widely regarded as prohibited from paper money creation, whereas private banks were not** - it being argued that this power, by not being specifically prohibited, was reserved to the people (including legal persons, such as incorporated banks).

The contrary argument was that bank corporations were instruments or agencies of the states which incorporated them and so were prohibited from "emitting bills of credit" as were the states themselves. This argument was ignored by the bankers, who proceeded to

{p. 24} issue paper bank notes based on fractional reserves, and it lost all force once **the U.S. Supreme Court ruled that even the federal government could charter a bank (the 1st BUS) which could issue paper money**.

In the end, **only the states were prohibited from issuing paper money, not the federal government** , and neither private banks nor even municipalities were prohibited from issuing paper money (as happened in c. **400 cities during the Great Depression**).

Another error not often understood concerns the authority given the federal government *"to coin money"* and *"to regulate the value thereof."* Regulating the value of money (that is to say its purchasing power, or value relative to other things) has nothing to do with quality or content (e.g. so many grains of gold or copper, etc,), but has to do with its quantity - the supply of money. **It is quantity that determines its value, and never has Congress legislated any total quantity of money** in the U.S.

Legislating a total money supply (including currency, checks and all bank deposits) would, in fact, regulate the value (purchasing power) of each dollar. Legislating the rate of growth of the money supply would then determine its future value. Congress has never done either, though it clearly has the constitutional authority to do so. It has left this function to the Fed and the 10,000+ banks which create our money supply.

[3rd American Central Bank War (1791- 1811); lst BUS; 20 years duration]

11. FIRST BANK OF THE UNITED STATES

In 1790, less than three years after the Constitution had been signed, **the Money Changers struck** again. The newly-appointed first **Secretary of the Treasury, Alexander Hamilton proposed** a bill to the Congress calling for **a new privately-owned central bank**. Coincidentally, that was the very year that Meyer Rothschild made his pronouncement from his flagship bank in Frankfort:

"Let me issue and control a nation's money and I care not who writes its laws."

Alexander **Hamilton** was a tool of the international bankers. He wanted to create another private central bank, the Bank of the United States, and did so. He **convinced Washington to sign the bill over Washington's reservations and over Jefferson's and Madison's opposition**.

To win over Washington, **Hamilton developed the "implied powers" argument** used so often since to eviscerate the Constitution. Jefferson correctly predicted the dire consequences of opening such a Pandora's box which would allow judges to "imply" whatever they wished.

Interestingly, one of Hamilton's first jobs after graduating from law school in 1782 was as an aide to Robert Morris, the head of the Bank of North America. In fact, the year before, Hamilton had written Morris a letter, saying: ***"A national debt, if it is not excessive, will be to us a national blessing,"*** A blessing to whom?

{p. 25} **After a year of intense debate, in 1791, Congress passed Hamilton's bankbill and gave it a 20-year charter** . The new bank was to be called the First Bank of the United States, or BUS. Thus the third American Bank War began.

"Never was a great historic event followed by a more feeble sequel. A nation arises to claim for itself liberty and sovereignty. It gains both of these by immense sacrifice of blood and treasure. Then, when victory is gained and secure, it hands the nation 's credit - that is to say a national treasure - over to private individuals, to do as they please with." - Alexander Del Mar, historian

The first Bank of the United States was headquartered in Philadelphia. The Bank was even **given authority to print currency** and make loans, based on fractional reserves, even though **80% of its stock would be held by private investors** . The other 20% would be purchased by the U.S. Government, but the reason was not to give the government a piece of the action, it was to provide the initial capital for the other 80% owners.

As with the old bank of North America and the Bank of England before that, the **stockholders never paid the full amount for their shares. The U.S. government put up their initial $2,000,000 in cash**, then the Bank through the old magic of fractional reserve lending, made loans to its charter investors so they could come up with the remaining $8,000,000 in capital needed for this risk-free investment.

Like the Bank of England, **the name** of the Bank of the United States was deliberately **chosen to hide the fact that it was privately controlled**. And **like the Bank of England, the names of the investors in the Bank were never revealed** .

*"Under the surface, **the Rothschilds** long had a powerful influence in dictating American financial laws. The lawrecords showthat they **were the power in the old Bank of the United States"*** - Myers, *History of the GreatA merican Fortunes*.

The Bank was promoted to Congress as a way to bring stability to the banking system and to eliminate inflation. So what happened? **Over the first five years, the U.S. government borrowed $8.2 million from the Bank of the United States. In that period, prices rose by 72%**.

Jefferson, as the new Secretary of State, watched the borrowing with sadness and frustration, unable to stop it.

"I wish it were possible** to obtain a single amendment to our Constitution - **taking from the federal government the power of borrawing."

President Adams denounced the issuance of **private bank notes** as a fraud upon the public. He was supported in this view by all conservative opinion of his time. Why continue to farm out to private banks, for nothing, a prerogative of government?

Millions of Americans feel the same way today. They watch in helpless frustration as **the Federal government borrows** the American taxpayer into oblivion; borrowing **from private banks and the rich the money the government has the authority and duty to issue itself, without debt**.

{p. 26} So, although it was called the First Bank of the U.S., it was not the first attempt at a privately-owned central bank in this country.

As with the first two, the Bank of England and the Bank of North America, **the government put up the cash to get this private bank going, then the bankers loaned that money to each other to buy the remaining stock in the bank**.

It was a scam, plain and simple. And they wouldn't be able to get away with it for long, but first we have to travel back to Europe to see how a single man was able to manipulate the entire British economy by obtaining the first news of Napoleon's final defeat.

12. NAPOLEON'S RISE TO POWER

Here in Paris, the Bank of France was organized in 1800 just like the Bank of England. But Napoleon decided France had to break free of debt and he never trusted the Bank of France, even when he put some of his own relatives on the governing Board.

He declared that when a government is dependent upon bankers for money, the bankers, not the leaders of the government are in control:

"The hand that gives is above the hand that takes. Money has no motherland; financiers are without patriotism and without decency: their sole object is gain."

He clearly saw the dangers, but did not see the proper safeguards or solution. Back in America, unexpected help was about to arrive.

In 1800, Thomas Jefferson narrowly defeated John Adams to become the third President of the United States. By 1803, Jefferson and Napoleon had struck a deal. **The U.S. would give Napoleon $3,000,000 in gold** in exchange **for a huge chunk of territory west of the Mississippi River - the Louisiana Purchase**.

With that three million dollars, **Napoleon quickly forged an army and set off across Europe** , conquering everything in his path. But England and the Bank of England quickly rose to oppose him. They financed every nation in his path, reaping the enormous profits of war. **Prussia, Austria, and finally Russia all went heavily into debt** in a futile attempt to stop Napoleon.

Four years later, with the main French Army in Russia, 30-year-old Nathan Rothschild - the head of the London office of the Rothschild family - personally took charge a bold plan to smuggle a much-needed shipment of gold right through France to finance an attack by the Duke of Wellington from Spain. Nathan later bragged at a dinner party in London that it was the best business he ever done. He made money on each step the shipment. Little did he know that would do much better business in the near future.

Wellington's attacks from the south, and other defeats, eventually forced Napoleon to abdicate, and Louis XVIII was crowned King. Napoleon was exiled to Elba, a tiny island off the coast of Italy, supposedly exiled from France forever. While Napoleon was in a on Elba, temporarily defeated by England with the financial help of the Rothschilds - America was trying to break free of its central bank as well.

{p. 27} 13. DEATH OF THE FIRST BANK/THE WAR OF 1812

In 1811, a bill was put before Congress to renew the charter of the Bank of the United States. The debate grew very heated and the legislature of both **Pennsylvania and Virginia passed resolutions asking Congress to kill the Bank** .

The press corps of the day attacked the Bank openly, calling it "a great swindle", a "vulture", a "viper", and a "cobra". Oh, to have an independent press once again in America.

A Congressman named P.B. Porter attacked the bank from the floor of Congress, prophetially warned that if the bank's charter were renewed, Congress,

"will have planted in the bosom of this Constiution a viper, which one day or another will sting the liberties of this country to the heart."

Prospects didn't look good for the Bank. Some writers have claimed that Nathan Rothschild warned that the United States would find itself involved in a most disastrous war if the Bank's charter were not renewed.

But it wasn't enough. When the smoke had cleared, **the renewal bill was defeated by a single vote in the House and was deadlocked in the Senate**. By now, America's fourth President, James Madison, was in the White House. Remember, **Madison was a staunch opponent of the Bank**. His Vice President, George Clinton, broke a tie in the Senate and sent the Bank, the second privately-owned central bank based in America, into oblivion. Thus, the third American Bank War, lasting twenty years, ended in **defeat for the Money Changers** .

WIthin 5 months, as Rothschild was said to have predicated, **England attacked the U.S. and the War of 1812 was on** . But the British were still busy fighting Napoleon, and so the war of 1812 vended in a draw in 1814.

It is interesting to note that **during this war, the Treasury printed some government paper money, not bearing interest, to fund the war** effort. This was not repeated until the Civil War.

Though the Money Changers were temporarily down, they were far from out. It would take them only another two years to bring a fourth private central bank back - bigger and stronger than before.

14. WATERLOO

But now let's return for a moment to Napoleon. This episode aptly demonstrates the cunning of **the Rothschild family in gaining control of the British stock market after Waterloo**.

In 1815, a year after the end of the War of 1812 in America, Napoleon escaped his exile and returned to Paris. French troops were sent out to capture him, but such was his charisma that the soldiers rallied around their old leader and hailed him as their Emperor once again. Napoleon returned to Paris a hero. King Louis fled into exile and Napoleon again ascended to the French throne - this time without a shot being fired.

In March of 1815 Napoleon equipped an army which Britain's Duke of Wellington

{p. 28} defeated less than 90 days later at Waterloo. He borrowed 5 million pounds to rearm from the Ouvard banking house in Paris. Nevertheless, from about this point on, it was not unusual for **privately-controlled central banks** to **finance both sides in a war**.

Why would a central bank finance opposing sides in a war? Because war is the biggest debt-generator of them all. **A nation will borrow any amount for victory**. The ultimate looser is loaned just enough to hold out the vain hope of victory, and the ultimate winner is given enough to win. Besides, such loans are usually conditioned upon the **guarantee that the victor will honor the debts of the vanquished**. Only the bankers cannot lose.

Waterloo is a battlefield about 200 miles northeast of Paris, in what today is Belgium. There, Napoleon suffered his final defeat, but not before thousands of French and English men gave their lives on a steamy summer day in June of 1815.

On June 18, 1815, 74,000 French troops met 67,000 troops from Britain, and other European nations. The outcome was certainly in doubt. In fact, **had Napoleon attacked a few hours earlier, he would probably have won** the battle. But no matter who won or lost, back in London, Nathan Rothschild planned to use the opportunity to try to seize control over the British stock and bond market. **Following is the account the Rothschilds hotly dispute** :

Rothschild stationed a trusted agent, a man named Rothworth, on the north side of the battlefield - closer to the English Channel.

Once the battle had been decided, Rothworth took off for the Channel. He **delivered the news to Nathan Rothschild** a full **24 hours before Wellington's own courier**. Rothschild hurried to the Stock Market and took up his usual position in front of an ancient pillar.

All eyes were on him. The Rothschilds had a legendary communication network. If Wellington had been defeated and Napoleon were loose on the Continent again, Britain's financial situation would become grave indeed. **Rothschild** looked saddened. He stood there motionless, eyes downcast. Then suddenly, he **began selling**. Other nervous investors saw that Rothschild was selling. It could only mean one thing. Napoleon must have won. Wellington was defeated. **The market plummeted**. **Soon, everyone was selling their Consols - their British government bonds**, and other stocks - and prices dropped. Then **Rothschild and his financial allies** started **secretly buying through agents**.

Myths, legends, you say? One hundred years later, the *New York Times* ran a story which said that Nathan's grandson had attempted to secure a court order to suppress a book with this stock market story in it. **The Rothschild family claimed the story was untrue and libelous. But the court** denied the Rothschilds' request and **ordered the family to pay all court costs** .

What's even more interesting about this story is that some authors claim that the day after the Battle of Waterloo, in a matter of hours, Nathan Rothschild and allied financial interests came to dominate not only the bond market, but the Bank of England as well (an interesting feature of some Consols was that they were convertible to Bank of England stock).

Intermarrige with the Montifiores, Cohens and Goldsmiths, banking families established in

{p. 29} England in the century before the Rothschilds, **enhanced the Rothschilds' financial control** . This control was further consolidated through the passage of Peel's Bank Charter Act of 1844.

Whether or not the Rothschild family and their financial allies seized outright control in this manner of the Bank of England - the first privately-owned central bank in a major European nation, and the wealthiest - one thing is certain, **by the mid-1800s, the Rothschilds were the richest family in the world**, bar none. They **dominated the new government bond markets** and branched into other banks and industrial concerns worldwide. They also **dominated a constellation of** secondary, **lesser families such as the Warburgs and Schiffs**, who allied their own vast wealth with that of the Rothschilds'.

In fact, the rest of the 19th century was known as the "Age of Rothschild." One author, Ignatius Balla, estimated their personal wealth in 1913 at over two billion dollars. Keep in mind, the purchasing power of the dollar was over 1,000% greater then than now. **Despite** this **overwhelming wealth, the family** has generally **cultivated an aura of invisibility** . Although the family controls scores of banking, industriial, commercial, mining and tourist corporations, **only a handful bear the Rothschild name** . By the end of the 19th century, **one expert estimated that the Rothschild family controlled half the wealth of he world**.

Whatever the extent of their vast wealth, it is reasonable to assume that their percentage of the world's wealth has increased dramatically since then, as power begets power and the appetite therefor. But since the turn of the century, the Rothschilds have carefully cultivated the notion that their power has somehow waned, even as their wealth and that of their financial allies increases and hence their **control of banks, debt-captive corporations** , **the media**, politicians and nations, all **through surrogates, agents, nominees and interlocking directorates**, obscuring their role.

[4th American Central Bank War (1816- 1836); 2nd BUS; 20 years duration]

15. SECOND BANK OF THE U.S.

Meanwhile, back in Washington, in 1816, just one year after Waterloo and Rothschilds' alleged takeover of the Bank of England, the

American **Congress passed a bill permitting yet another privately-owned central bank** - the fourth American Bank War had begun.

This bank was called the Second Bank of the United States. The new Bank's charter was a copy of the previous Bank's. **The U.S. government would own 20%** of the shares. Of course, **the Federal share was paid by the Treasury up front, into the Bank's coffers**. Then, through the magic of fractional reserve lending, it was **transformed into loans to nrivate investors who then bought the remaining 80% of the shares**. Sound familiar by now?

Just as before, **the primary stockholders remained secret**. But it is known that, at a n~ir~ the largest single block of shares- about one-third of the total- was held by foreigners. As one observer put it:

"It is certainly no exaggerahon to say that the Second Bank of the United States was

{p. 30} *rooted as deeply in Britain as it was in America."*

So by 1816, **some authors claim the Rothschilds and their allies**, some by now related by marriage, **had** taken **control over the Bank of England and backed the new privately-owned central bank in America** (the 2nd BUS) as well. With Napoleon's defeat about the same time, they began to dominate the Bank of France as well.

16. ANDREW JACKSON

After about a decade of monetary manipulations on the part of the Second Bank of the U.S., the American people, once again, had had just about enough. **Opponents** of the Bank **nominated** a famous senator from Tennessee, **Andrew Jackson** , the hero ofthe Battle of New Orleans, to run **for president** . His home he named "The Hermitage". No one gave Jackson a chance initially. The Bank had long-ago learned how the political process could be controlled with money.

To the surprise and dismay of the Money Changers, Jackson was swept into office in 1828. **Jackson was determined to kill the Bank** at the first opportunity, and wasted no time to trying to do so. But **the Bank's 20 year charter didn't come up for renewal until 1836**, the last year of his second term - if he could survive that long. During his first term, Jackson contented himself with **rooting out the Bank's many minions from government service**. He fired 2,000 of the 11,000 employees ofthe federal government.

In 1832, with his re-election approaching, **the Bank** struck an early blow, hoping Jackson would not want to stir up controversy. It **asked Congress to pass a bank charter renewal bill four years early** . Congress complied, and sent it to the President for signing. But **Jackson** weighed in with both feet. "Old Hickory," never a coward, **vetoed the bill** . **His veto message is one of the great American documents**. It clearly lays out the responsibility of the American government towards its citizens - rich and poor.

"It is not our own citizens only who are to receive the bounty of our Government. ***More than eight millions of the stock of this bank are held by foreigners****... It is easy to conceive that* ***great evils*** *to our country and its institutions might* ***flow from such a concentration of power*** *in the hands of a fewirresponsible to the people.*

Is there no danger to our liberty and independence in a bank that in its nature has so little to bind it to our country?... ***Controlling our currency, receiving our public moneys****, and holding thousands of our citizens in dependence... would be* ***more*** *formidable and* ***dangerous than a military power of the enemy*** *...*

It is to be regretted that ***the rich and powerful too often bend the acts of government to their selfish purposes*** *... If [government] would confine itself to equal protection, and, as Heaven does its rains, shower its favor alike on the high and the low, the rich and the poor, it would be an unqualified blessing..*

In the act before me there seems to be a wide and unnecessary departure from these just principles.. ***Many of our rich men*** *have not been content with equal protection and equal benefits, but* ***have***

{p. 31} ***besought us to make them richer by act of Congress****...*

If we can not at once, in justice to interests vested under improvident legislation, make our Government what it ought to be, we can at least ***take a stand against all new grants of monopolies and exclusive privileges*** *, against any prostitution of our Government to the advancement of the fewat the expense of the many, and in favor of compromise and gradual reform in our code of laws and system of political economy.*

I have nowdone my duty to my country. If sustained by my fellow-citizens, I shall be grateful and happy; if not, I shall find in the motives which impel me ample grounds for contentment and peace. In the difficulties which surround us and the dangers which threaten our institutions there is cause for neither dismay nor alarm. For relief and deliverance let us firmly rely on that kind Providence which I am sure watches with peculiar wisdom over our countrymen. Through His abundant goodness and their patriotic devotion our liberty and Union win be preserved." - AndrewJackson

Jackson also declared:

"If Congress has the right to issue paper money, it was given them to be used by themselves, and not to be delegated to indiviuals or corporations. "

Later that year, in July 1832, Congress was unable to override Jackson's veto. Now Jackson had to stand for re-election. **Jackson took his argument directly to the people**. For the first tirne in U.S. history, a candidate took a presidential campaign on the road. Before then, presidential candidates stayed at home and looked presidential. **His campaign slogan was *"Bank and no Jackson,***

or no Bank and Jackson!"

Incredibly (unless one understands who funds university endowment funds and research dollars), some modern historians have completely overlooked this war between Jackson and the Bank. Yet, his presidency has little meaning without understanding this issue.

The National Republican Party ran Senator Henry Clay against Jackson. Despite the fact that the Bank poured in over $3,000,000 into Clay's campaign, an enormous sum at that time, **Jackson was re-elected by a landslide** in November of 1832.

Despite his presidential victory, Jackson knew the battle was only beginning: *"The hydra of corruption is only scotched, not dead,"* said the newly-elected President. Jackson **ordered his new Secretary of the Treasury**, Louis McLane, **to start removing the government's deposits from the Second Bank of the U.S. and to start placing them in state banks**. McLane refused to do so. Jackson fired him and appointed William J. Duane as the new Secretary of the Treasury. Duane also refused to comply with the President's requests, and so Jackson fired him as well, and then appointed Roger B. Taney to the office. **Taney did as told and withdrew government funds from the bank**, starting on October 1, 1833. Jackson was jubilant: ***"I have it chained. I am ready with screws to draw every tooth and then the stumps."*** But the Bank was not through fighting yet.

Its head, NIcholas Biddle, uset his influence to get the Senate to reject Taney's nomination.

{p. 32} Then, in a rare, public display of arrogance, Biddle threatened to cause a national economic depression if the Bank were not rechartered. He declared war:

"This worthy President thinks that because he has scalped Indians and imprisoned Judges, he is to have his way with the Bank. He is mistaken."

Next, in an unbelievable fit of honesty for a central banker, Biddle admitted that the bank was going to make money scarce in order to force Congress to restore the Bank:

***"Nothing but widespread suffering will produce any effect on Congress** ... Our only safety is in pursuing **a steady course of firm [monetary] restriction** -and I have no doubt that such a course will ultimately lead to restoration of the currency and the re-charter of the Bank."*

What a stunning revelation! Here was the pure truth, revealed with shocking clarity. **Biddle intended to use the money contraction power given to the Bank to cause a massive depression until America gave in**. Unfortunately, this has happened time and time again throughout U.S. history, though without the blunder of Biddle's arrogant admission, and may be about to happen again in our time.

So much for the importance to the common good of central bank independence (or so called "autonomy") from political accountability and control.

Nicholas Biddle made good on his threat. The Bank sharply contracted the money supply by calling in old loans and refusing to extend new ones. A financial panic ensued, followed by a deep economic depression. Predictably, **Biddle blamed Jackson for the crash, saying that it was caused by the withdrawal of federal funds from the Bank**. Unfortunately, his plan worked well. Wages and prices sagged. Unemployment soared along with business bankruptcies. The nation quickly went into an uproar.

Newspaper editors blasted Jackson in editorials. A~er all, he was the President then. The Bank threatened to withhold payments to Congressmen which, at the time, could legally be made directly to key politicians for their support. Within only months, Congress assembled in what was called the "Panic Session."

Six months after he had withdrawn funds from the bank, Jackson was officially censured by a resolution which passed the Senate by a vote of 26 to 20. It was the first time a President had ever been censured by Congress. Jackson lashed out at the Bank.

"You are a den of vipers. I intend to rout you out and by the Eternal God I wiU rout you out."

America's fate teetered on a knife edge. If Congress could muster enough votes to override Jackson's veto, the Bank would be granted another 20-year monopoly or more over America's money - time enough to consolidate its already great power. Biddle's hod cunning strategy was working.

Then something close to a miracle occurred. The Governor of Pennsylvania, where the 2nd BUS was headquartered, came out supporting the President and strongly criticized the Bank. On top of that, Biddle had been caught boasting in public about the Bank's plan to crash the economy. Suddenly the tide shifted.

{p. 33} **In April of 1834, the House of Representatives voted 134 to 82 against re-chartenng the Bank** . This was followed up by an even more lopsided vote to establish a special committee to investigate whether the Bank had caused the crash.

When **the investigating committee arrived at the Bank's door in Philadelphia, armed with a subpoena to examine the books**, Biddle refused to give them up. Nor would he allow any inspection of correspondence with Congressmen relating to their personal loans and advances. Biddle also arrogantly refused to testify before the committee back in Washington.

OnJanuary 8, 1835, eleven years after taking office, Jackson paid off the final installment on the national debt which had been necessitated by allowing the banks to issue currency to buy government bonds, rather than simply issuing Treasury notes without such debt. **He was the only President ever to pay off the national debt** .

A few weeks later, on January 30, 1835, **an assassin** by the name of Richard Lawrence **tried to shoot** President **Jackson**. Both pistols misfired. Lawrence was later found not guilty by reason of insanity. After his release, he bragged to friends that powerful people in Europe had put him up to the task and promised to protect him if he were caught.

The following year, when its charter ran out, **the Second Bank of the United States ceased functioning as the nation's central bank**. Biddle was later arrested and charged with fraud. He was tried and acquitted, but died shortly thereafter while still tied up in civil suits. The Second Bank of the US went belly up. The fourth American Bank War had ended in the fourth defeat for the Money Changers.

After his second term as President, Jackson retired to The Hermitage outside Nashville. He is still remembered for his determination to *"kill the Bank"* . In fact, he killed it so well that **it took the Money Changers a full century** - until 1935 (with the passage of the National Bank Act of 1935) - **to** undo the damage and **reach the same point in their schemes** . Late in life, when asked what his most important accomplishment had been, the war hero Jackson replied. *"I killed the Bank."*

Jackson also warned future generations of Americans:

"The bold effort the present bank had made to control the government... the distress it had wantonly produced ... are but premonitions of **the fate that awaits the American people** should they be deluded into a perpetuation of this institution or the establishment of another like it."

[5th American Central Bank War (1863-1913); National Banks/Federal Reserve Banks: 50 years duration]

17. ABE LINCOLN and the CIVIL WAR

Unfortunately, even Jackson failed to grasp the entire picture and its root cause. Although Jackson had killed the privately-owned central bank, **the most insidious weapon of the Money Changers - fractional reserve banking - remained** in use by the numerous state-chartered banks. For example, Ln Massachusetts by 1862 the state banks had loaned out eight

{p. 34} times as much as they had gold and silver on deposit. One state bank had issued $50,000 backed by a total of $86.48. This fueled economic instability in the years before the Civil War, particularly as no reserve ratios were mandated for most of the state banks. Still, the central bankers were out and therefore coordinated monetary manipulation on a national scale was rendered impossible. As a result, America generally thrived as it expanded westward.

During this time, the principal Money Changers struggled to regain their lost centralized power and money monopoly, but to no avail. Finally they reverted to the old central banker's formula - **finance a war, to create debt and dependency** . If they couldn't get their central bank any other way, America could be brought to its knees by plunging it into a War, just as they were said to have done in 1812, after the First Bank of the U.S. was not re-chartered.

One month after the inauguration of Abraham Lincoln, the first shots of the American Civil War were fired at Fort Sumter, South Carolina on April 12, 1861. The fifth and final American Bank War was beginning.

Certainly **slavery was a cause for the Civil War, but not the primary cause** . Lincoln knew that the economy ofthe South depended upon slavery and so (before the Civil War) he had no intention of eliminating it. Lincoln had put it this way in his inaugural address only one month earlier:

"I have no purpose, directly or indirectly, to interfere with the institution of slavery in the states where it nowexists. I believe I have no lawful right to do so, and I have no inclination to do so."

Even after the first shots were fired at Fort Sumter, Lincoln continued to insist that the Civil War was not about the issue of slavery:

"My paramount objective is to save the Union, and it is not either to save or destroy slavery. If I could save the Union without freeing any slave, I would do it."

So what was the Civil War all about? There were many factors at play. Northern industrialists had used protective tariffs to prevent their southern states from buying cheaper European goods. Europe retaliated by stopping cotton imports from the South. The Southern states were in a financial bind. They were forced to pay more for most of the necessities of life while their income from cotton exports plummeted. The South grew increasingly angry.

But there were other factors at work. The Money Changers were still stung by America's withdrawal from their control 25 years earlier. Since then, America's wildcat economy, despite the presence of fractional reserve banking with its attendant booms and busts, had made the nation rich - a bad example for the rest the world.

The central bankers now saw an opportunity to use the North/South divisions to split the rich new nation - to divide and conquer by war. Was this just some sort of wild conspracy theory? Well, let's look at what a well placed observer of the scene had to say at time.

This was **Otto von Bismarck**, Chancellor of Germany, the man who united the German states in 1871. A few years later, in 1876, he is quoted as saying:

{p. 35} *"It is not to be doubted, I knowof absolute certainty,"* Bismarck declared, *"that **the division of the United States into two federations of equal power was decided long before the Civil War** by the high financial powers of Europe. These bankers were afraid that the United States, if they remained as one block and were to develop as one nation, would attain economic and financial independence, which would upset the capitalist domination of Europe over the world."*

Within months after the first shots were fired at Fort Sumter, the central bankers loaned Napoleon III of France (the nephew of the Waterloo Napoleon) 210 million francs to seize Mexico and station troops along the southern border of the U.S., taking advantage of the Civil War to violate the Monroe Doctrine and return Mexico to colonial rule.

No matter what the outcome of the Civil War, it was hoped that a war-weakened America, heavily indebted to the Money Changers, would open up Central and South America once again to European colonization and domination - the very thing America's Monroe Doctrine had forbade in 1823.

At the same time, Great **Britain moved 11,000 troops into Canada and positioned them along America's northern border** . **The British fleet went on war alert** should their quick intervention be called for.

Lincoln knew he was in a bind. He agonized over the fate of the Union. There was a lot more to it than just differences between the North and the South. That's why his emphasis was always on "Union" and not merely the defeat of the South. But **Lincoln needed money to win**.

In 1861, Lincoln and his Secretary of the Treasury, Salmon P. Chase, went to New York to apply for the necessary war loans. The Money Changers, anxious to maximize their war profits, **only offered loans at 24-36% interest** . Lincoln said thanks, but no thanks, and returned to Washington. He sent for **an old friend, Colonel Dick Taylor** of Chicago, and put him onto the problem off financing the War. At one particular meeting, **Lincoln asked Taylor how else to finance the war. Taylor put it this way:**

*"Why, Lincoln, that is easy; **just get Congress to pass a bill authorizing the printing of full legal tender treasury notes** ... pay your soldiers with them and go ahead and win your war with them also."*

When Lincoln asked if the people of the United States would accept the notes, Taylor said:

*"The people or anyone else will not have any choice in the matter, if you make them full legal tender. **They will have the full sanction of the government and be just as good as any money** ... **the stamp of full legal tender by the Government is the thing that makes money good any time**, and this will always be as good as any other money inside the borders of our country. "*

So that's exactly what Lincoln did. **From 1862 to 1865, with Congressional authorization, he printed up $432,000,000 of the new bills**.

In order to distinguish them from private bank notes in circulation, he had them printed with green ink on the back side. That's why **the notes were called "Greenbacks."** With this

{p. 36} new money, **Lincoln paid the troops, and bought their supplies**. During the course of the war, nearly all of the 450 million dollars of Greenbacks authorized by Congress were printed at no interest to the federal government.

By now Lincoln realized who was really pulling the strings and what was at stake for the American people. Lincoln understood the matter better than even Jackson apparently had. This is how he explained his monetary views:

***"The Government should create, issue, and circulate all the currency and credit needed to satisfy the spending power of the Government and the buying power of consumers**... The privilege of creating and issuing money is not only the supreme prerogative of Government, but it is the Government's greatest creative opportunity... By the adoption of these principles, the long-felt want for a uniform medium will be satisfied. **The taxpayers will be saved immense sums of interest**. The financing of all public enterprises, and the conduct of the Treasury will become matters of practical administratIon. **Money will cease to be master and become the servant** of humanity."*

Meanwhile in Britain **a truly incredible editorial in the *London Times* explained the Bank of England's attitude** towards Lincoln's Greenbacks.

*"If this mischievous financial policy, which has its origin in North America, shall become indurated down to a fixture, then **the Government will furnish its own money** without cost. **It will pay off debts and be without debt** . It will have all the money necessary to carry on its commerce. It will become prosperous without precedent in the history of the world. The brains, and wealth of all countries will go to North America. That country must be destroyed or it will destroy every monarchy on the globe."*

Keep in mind, by this time the European monarchs were already chained to their private central banks, hence the bankers' concern to preserve their captive monarchs**. Within four days of the passage of the law** which allowed Greenbacks to be issued, **bankers met in convention in Washington** to discuss the situation. **It was agreed that Greenbacks would surely be their ruin** . Something had to be done. They devised a scheme gradually to undermine the value of the Greenbacks.

Seemingly unimportant limitations on the use of Greenbacks (printed on the green back) **, insisted on by the bankers, forbidding their use to pay import duties and interest on the public debt, were utilized** by the banks **to slap a surcharge on Greenbacks of up to 185%**. This undermined the confidence of the people in Greenbacks and necessitated further concessions to the bankers to obtain more, discounted as the Greenbacks now were.

This scheme was effective - so effectivt that the next year, 1863, with Federal and Confederate troops beginning to mass for the decisive battle of the Civil War, and the Treasury in need of further Congressional authority at that time to issue more Greenbacks, **Lincoln gave in** to the pressure, which he described:

"They persist, they have argued me almost blind - I am worse off than St. Paul. He was in a strait between two. I am in a

{p. 37} *strait between twenty and they are bankers and financiers."*

Lincoln allowed the bankers to push through the National Banking Act of 1863 in exchange for their support for the urgently needed additional Greenbacks.

This act created *"National Banks"* (hence the N.A. still in use after National banks' names) and gave them a virtual tax-free status. The new banks also got the exclusive power to create the new form of money - *National Bank Notes*. **Though Greenbacks continued to circulate, their quantity was limited and no more were authorized after the war**.

On June 13, 1863, according to Judge Rutherford's book, *"Vindication"* this letter was sent from the Rothschilds' London office, which does, in fact, accurately assess the National Banking Act of 1863:

"Rothschild Brothers, Bankers, London, June 25th, 1863

Messrs Ikleheimer, Morton and Vandergould, No 3 Wall St., New York, US.A.

Dear Sirs:

A Mr. John Sherman has written us from a town in Ohio, U.S.A., as to the profits that may be made in the National Bankng business under a recent act of your Congress, a copy of which act accompanied his letter. Apparently this act has been drawn upon the plan formulated here last summer by the British Bankers Association and by that Association recommended to our American friends as one that if enacted into law, would prove highly profitable to the banking fraternity throughout the world.

Mr. Sherman declares that there has never been such an opportunity for capitalists to accumulate money, as that presented by this act, and that the old plan of State Banks is so unpopular, that the new scheme will, by contrast, be most favorably regarded, notwithstanding the fact that it gives the National Banks an almost absolute control of the National finance.

'The few who can understand the system,' he says, 'will either be so interested in its profits, or so dependent of its favors that there will be no opposition from that class, while on the other hand, ***the great body of people, mentally incapable of comprehending the tremendous advantages that capital derives from the system*** *, will bear its burdens without complaint and perhaps without even suspecting that the system is inimical to their interests.'*

Please advise fully as to this matter and also state whether or not you will be of assistance to us, if we conclude to establish a National Bank in the City of New York. If you are acquainted with Mr. Sherman (he appears to have introduced the Banking Act) we will be glad to know something of him. If we avail ourselves of the information he furnished, we will, of course, make due compensation.

Awaiting your reply, we are

Your respectful servants, Rothschild Brothers"

{p. 38} **From this point on, the U.S. money supply would be created in parallel with an equivalent quantity of with debt** by bankers buying U.S. government bonds, which they used as reserves for National Bank Notes, the nation's new form of money, instead of by direct debt-free issue by the government, as were Lincoln's Greenbacks. **The banks got interest from the government on the bonds and from borrowers of their Bank Notes** - thus almost doubling their interest income. As historian John Kenneth Galbraith explained:

"In numerous years following the war, the Federal government ran a heavy surplus. It could not [however] pay off its debt *, retire its securities, because* ***to do so meant there would be no bonds to back the national bank notes*** *.* ***To pay off the debt was to destroy the money supply****."*

Predictably, the new National Banks quickly applied pressure to Congress to have state bank notes taxed out of existence. Congress complied. Thus the fifth American Bank War progressed in small stages in favor of the Money Changers, culminating in passage of the Federal Reserve Act of 1913 and the National Bank Act of 1935.

In 1863, Lincoln got some unexpected help from Czar Alexander II of Russia. **The Czar, like Bismarck in Germany, knew what the international Money Changers were up** to and had steadfastly refused to grant them authority to set up a privately-owned central bank in Russia. If America survived and was able to remain out of their clutches, his position would be more secure. If the bankers were successful at dividing America and giving the pieces back to Great Britain and France (both nations by now under control of their privately-owned central banks), eventually they would turn on Russia.

So, **the Czar** gave orders that if either England or France actively intervened and gave aid to the South, Russia would consider such action as a declaration of war. He **sent his Pacific fleet** under Admiral Popov **to port in San Francisco**, where it arrived on October 12, 1863, **and part of his Baltic fleet** under Admiral Lisiviski **to port in New York harbor** on September 24, 1863, **and later to Alexandria, Virginia**, which lies just across the river from Washington, D.C., **as a** forceful **show of support for Lincoln and a warning to Britain and France**.

Further, the Czar was still in a revengeful mood from Russia's defeat in the Crimean War (1853-56) by Money Changer-controlled Britain and France (joined by Turkey and Sardinia).

Lincoln was re-elected the next year, 1864. **Prior to the end of the war, for more Green backs, the bankers obtained more concessions** in the second *National Banking Act*, of 1864.

Victorious in the Civil War, had he lived, as his statements quoted above and following make - abundantly clear, Lincoln would surely have killed the National Banks' money monopoly extracted from him during the war. **On November 21, 1864, he wrote** a friend the

"The money power preys upon the nation in *times of* ***peace and conspires against it in times of adversity*** *. It is more despotic than monarchy, more insolent than autocracy, more selfish than bureaucracy. I see in the near future a crisis approaching that unnerves me and causes me to trem-*

{p. 39} *ble for the safety of my country. Corporations have been enthroned, an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people* ***until the wealth is aggregated in a few hands and the republic is destroyed."***

Shortly before Lincoln was assassinated, his former Secretary of the Treasury, Salrnon P. Chase, bemoaned his role in helping secure the passage of the National Banking Act only one year earlier:

"My agency in promoting the passage of ***the National Banking Act was the greatest financial mistake in my life*** *. It has built up a monopoly which affects every interest in the country."*

On April 14, 1865, 41 days after his second inauguration, and five days after Lee surrendered to Grant at Appomattox, though the Civil War was over, Lincoln was shot by John Wilkes Booth, at Ford's theater. Bismarck Chancellor of Germany lamented the death of Abraham Lincoln:

"The death of Lincoln was a disaster for Christendom. There was no man in the United States great enough to wear his boots..."

Bismarck well understood the Money Changers' plan. **Allegations that international bankers were responsible for Lincoln's assassination surfaced in Canada 70 years later,** in 1934. Gerald G. McGeer, a popular and well-respected Canadian attorney, revealed this stunning charge in a 5-hour speech before the House of Commons blasting Canada's debt-based money system. Remember, it was 1934, the height of the Great Depression which was ravaging Canada as well elsewhere.

McGeer had obtained evidence deleted from the public record, provided to him by Secret Service agents , from the trial of John Wilkes Booth, after Booth's death. McGeer said it showed that Booth was a mercenary working for the international bankers. According to an article in the *Vancouver Sun* of May 2, 1934:

"Abraham ***Lincoln was assassinated through*** *the machinations of* ***a group representative of the international bankers, who feared the United States President's national credit ambitions****... There was only one group in the world at that time who had any reason to desire the death of Lincoln... They were the men* ***opposed to his national currency programme*** *and who had fought him throughout the whole Civil War on his policy of Greenback currency."*

Interestingly, McGeer claimed that Lincoln was assassinated not only because international bankers wanted to re-establish a central bank in America, but because **they also wanted to base America's currency on gold** - gold they controlled - in other words, put America on a "gold standard." Silver was to be demonetized and all Greenbacks retired for gold. Lincoln had done just the opposite by issuing U.S. Notes - Greenbacks - which were based purely on the good faith and credit of the United States. The article quoted McGeer as saying:

"They were the men interested in the establishment of the gold standard and ***the right of the bankers to manage the currency and credit of every nation*** *in the world. With Lincoln out of the way they*

{p. 40} *were able to proceed with the plan and did proceed with it in the United States.* ***Within eight years*** *after Lincoln's assassination, silver was demonetized and* ***the gold standard money system set up in the United States."***

Not since Lincoln has the U.S. issued debt-free United States Notes. **The red-sealed U.S. Notes** (Federal Reserve Notes are green-sealed) have been re-issued fourteen (14) times since Lincoln's assassination. They **are not new issues, but merely the old Greenbacks reissued year after year as they wear out**. Their quantity was eventually limited to $300 million, eventually less than one percent of U.S. currency.

In another act of folly and ignorance, the 1994 *Reigle Act* actually authorized the replacement of Lincoln's Greenbacks with debt-based Federal Reserve Notes. In other words, Lincoln' s Greenbacks were in circulation in the United States until 1994, for 130 years. It was a discovery the bankers wanted carefully buried. They can now be found only in rare currency collections.

Why was silver bad for the bankers and gold good? Simple. **Because silver was plentiful** in the United States and elsewhere. So it was **relatively hard to control. Gold was, and always has been scarce**. Throughout history it has been relatively easy to monopolize gold, but silver has historically been 15 times more plentiful.

18. RETURN OF THE GOLD STANDARD

With Lincoln out of the way, the Money Changers' next objective was to gain complete, centralized control over America's money. This was no easy task. With the opening ofthe American West, silver had been discovered in huge quantities. On top of that, Lincoln's Greenbacks were generally popular and their existence had let the genie out of the bottle - the public was becoming accustomed to government-issued, debt-free money.

Despite the European central bankers' deliberate attacks on the Greenbacks, they continued to circulate in the United States. According to author W. Cleon Skousen:

"Right after the Civil War there was considerable talk about reviving Lincoln's brief experiment with the Constitutional monetary system. Had not the European money-trust intervened, it would have no doubt become an established institution."

It is clear that the reality of America printing her own debt-free money sent shock-waves throughout the European private-central-banking elite. They watched with horror as Americans began to petition for more Green backs. They may have killed Lincoln, but support for his monetary ideas grew.

On April 12, 1866, nearly one year to the day of Lincoln's assassination, **Congress** went to work at the bidding of the European central-banking interests. It **passed the Contraction Act, authorizing the Secretary of the Treasury to begin to retire the Greenbacks** in circulation and to contract the money supply.

Authors Theodore R. Thoren and Richard F. Warner explained the results of the money contraction in their book on the subject, *The Truth in Money Book*:

{p. 41} *"The hard times which occurred after the Civil War could have been avoided if the Greenback legislation had continued as President Lincoln had intended. Instead, there were a series of 'money panics' - what we call 'recessions' - which put pressure on Congress to enact legislation to place the banking system under centralized control. Eventually the Federal Reserve Act was passed on December 23, 1913."*

In other words, **the Money Changers wanted** two things: 1) the re-institution of **a privately-owned central bank under** their **exclusive control** , and, 2) an **American currency issued by them and backed by their gold** .

Their strategy was two-fold: first, to cause a series of panics to try to convince the American people that the existing decentralized banking system did not work and that only centralized control of the money supply could provide economic stability; and secondly, to remove so much money from the system that most Americans would be so desperately poor that they either wouldn't be patient enough to fight for true reform, or would be too weak to oppose the bankers, who would offer them relief if the bankers' plans were approved: in short, to convince Americans it was worth the long-term risk to freedom to obtain short-term economic relief.

In 1866, there was $1,800,000,000 in currency in circulation in the United States - about $50.46 per capita. In 1867 alone, $500,000,000 was removed from the U.S. money supply. Ten years later, in 1876, America's money supply was reduced to only $600,000,000. In other words, two-thirds of America's money had been called in by the bankers. Incredibly, only $14.60 per capita remained in circulation.

Ten years later, the money supply had been further reduced to only $400,000,000, even though the population had boomed. The result was that **only $6.67 per capita remained in circulation, an 84% decline in just 20 years** . The people suffered terribly in a protracted, severe depression.

Today, bank-funded economists try to sell the idea that recessions and depressions are a natural part of something they call the "business cycle." One economist actually tried to explain business cycles with reference to sun spots! The truth is, our money supply is completely manipulated now, just as it was after the Civil War, just as it was by Nicholas Biddle and the 2nd BUS.

How did money become so scarce? Simple - **bank loans were called in and no new ones were given** . In addition, Greenbacks were retired by the millions and silver coins were melted down.

On March 13, 1868, James Rothschild wrote to his U.S. agent, Belmont, *"warning ruin to those who might oppose the payment of U.S. Bonds in coin, or who might advocate their liquidation in greenbacks."* Another scheme was afoot.

On March 18, 1869, Congress, at these bankers' bidding, passed the Credit Strengthening Act which provided that U.S. bonds purchased during the Civil War with greenbacks the bankers had discounted on receipt to as little as S.35 on the dollar, would be repaid, in gold at full value. By this means the Treasury paid the bankers some $500 million more than they had paid for the bonds,

{p. 42} plus the interest due. A colossal sum, equivalent to well over 5 billion dollars today, was thus transferred from the Treasury to the Money Changers. Thereafter, their power over the U.S ., thus mightily augmented, continually increased.

In 1872, a man named Ernest Seyd was given £100,000 (about $5,000,000 then) by the Bank of England and sent to America to bribe the necessary Congressmen to get silver "demonetized to further reduce the money supply." He was told that if this was not sufficient, to draw an additional £100,000, "or as much more as was necessary." The next year, Congress passed the Coinage Act of 1873 and the minting of silver dollars abruptly stopped.

In fact, Rep. Samuel Hooper, who introduced the bill in the House acknowledged that Mr. Seyd actually drafted the legislation. But it gets worse than that. In 1874, Seyd himself admitted who was behind the scheme:

"I went to America in the winter of 1872-73, authorized to secure, if I could, the passage of a bill demonetizing silver. It was in the interest of those I represented - the governors of the Bank of England - to have it done."

The international bankers accomplished the same demonetization of silver in Germany (1871-73); the Latin Monetary Union (France, Italy, Be1gium, Switzerland) in 1873-74; the Scandinavian Union (Denmark, Norway and Sweden) in 1875-76; and the Netherlands in 1875-76. WIthin five short years, **the gold standard was thus imposed worldwide, with China being the only significant holdout**.

But the contest over control of America's money was not yet over. Only three years later, **in 1876, with one-third of America's workforce unemployed**, the population was growing restless. People were clamoring for a return to the Greenback money system of President Lincoln, or a return to silver money - anything that would make money more plentiful. **A Greenback Party developed**

which received over one million votes at its height, as did a strong pro-silver movement.

That year, Congress created the United States Silver Commission to study the problem. Their report clearly blamed the monetary contraction on the National Bankers. The report is interesting because it compares the deliberate money contraction by the National Bankers after the Civil War, to the Fall of the Roman Empire.

"The disaster of the Dark Ages was caused by decreasing money and falling prices... Without money, civilization could not have had a beginning, and with a diminishing supply, it must languish and unless relieved, finally perish. At the Christian era the metallic money of the Roman Empire amounted to $1,800,000,000, bythe end of the fifteenth century it had shrunk to less than S200,000,000. ... - History records no other such disastrous transition as that from the Roman Empire to the Dark Ages." (1876) - U.S. Silver Commission.

Despite this report by the Silver Commission, Congress took no action. The next year, 1877, **riots broke out** from Pittsburgh to Chicago. The torches of starving vandals lit up the sky. The bankers huddled to decide on their next move. They decided to hang tough. Now that they were back in control of Amer-

{p. 43} ica's money, to a large extent (though not yet to the degree the 2nd BUS had been before Jackson killed it), they were not about to give it up. At the meeting of the American Bankers Association that year, they urged their membership to do everything in their power to put down the notion of a return to Greenbacks. The ABA Secretary, James Buel, authored a letter to the members which blatantly called on the banks to subvert not only Congress, but the press:

"It is advisable to ***do all in your power*** *to sustain such prominent daily and weekly newspapers, especially the Agricultural and Religious Press, as will* ***oppose the greenback issue of paper money*** *and that you will also withhold patronage from all applicants who are not willing to oppose the government issue of money... To repeal the Act creating bank notes, or to restore to circulation* ***the government issue of money will be to provide the people with money*** *and will therefore* ***seriously affect our*** *individual* ***profits*** *as bankers and lenders. See your Congressman at once and engage him to support our interests that we may control legislation."*

As political pressure mounted in Congress for change, the bank-influenced press tried to turn the American people away from the truth. The *New York Tribune* put it this way on January 10, 1878: *"The capital of the country oarganized at last* [i.e. the National Banks]*, and we will see whether Congress will dare to fly in its face."* But it didn't work entirely.

On February 28, 1878, Congress passed the *Sherman Law* allowing the minting of a limited number of silver dollars, ending a 5-year hiatus. This did not end gold-backing of the currency, however. Nor did it completely free silver. Previous to 1873, anyone who brought silver to the U.S. mint could have it struck into silver dollars free of charge. No longer. But at least some silver money began to flow back into the economy again. Under political pressure, the bankers loosened up on loans for awhile and the post-Civil War depression was finally ended.

Three years later, the American people elected Republican James Garfield President . Garfield understood how the economy was being manipulated. As a Congressman, he had been chairman of the Appropriations Committee, and was a member of the Banking and Currency Committee. After his inauguration, **he slammed the Money Changers publically in 1881:**

"Whoever controls the volume of money in any country is absolute master of all industry and commerce *... and when you realize that the entire system is very easily controlled, one way or another, by a fewpowerful men at the top,* ***you will not have to be told how periods of inflation and depression originate****."*

Garfield understood. Within a few weeks of making this statement, on July 2 of 1881, President Garfield was assassinated.

19. FREE SILVER

Under the *National Banking Act* the Money Changers were gathering strength fast. They began a periodic fleecing of the flock by **creating economic booms with easy money** and loans, **followed by busts caused by tight money** and loans fewer, **so they could buy up thousands of homes and farms for pennies** on the dollar on forecolsure.

{p. 44} In 1891, the Money Changers prepared to take the American economy down again and their methods and motives were laid out with shocking clarity in **a memo sent out by the American Bankers Association (ABA)**, an organization in which most bankers were members. Notice that this memo called for bankers to create a depression on a certain date three years in the future. Here is how it read in part (note the telling reference to England, home of the Mother Bank):

"On Sept, 1, 1894, we will not renew our loans *under any consideration. On Sept. 1st we will demand our money.* ***We will foreclose*** *and become mortgagees in possession.* ***We can take two-thirds of the farms west of the Mississippi*** *, and thousands of them east of the Mississippi as well, at our own price... We may as well own three-fourths of the farms of the West and the money of the country.* ***Then the farmers will become tenants as in England*** *..."* - 1891, American Bankers Association, as printed in the *Congressional Record* of April 29, 1913

These depressions could be controlled if the National Banks coordinated their contraction, and more easily because America was on the gold standard. Since gold is scarce, it's one of the easiest commodities to manipulate. People wanted silver money legalized again so they could escape the stranglehold the Money Changers had on gold-backed money. People wanted silver money reinstated, reversing Mr. Seyd'd Act of 1873, by then called the *"Crime of '73."*

By 1896, the issue of more silver money had become the central issue in the Presidential campaign **. William Jennings Bryan**, a Senator from Nebraska ran for President as a Democrat on the "Free Silver" issue. His father had been an ardent Greenbacker. **At**

the Democratic National Convention in Chicago, he **made an emotional speech** which won him the nomination entitled, "Crown of Thorns and Cross of Gold." Though Bryan was only 36 years old at the time, this speech is widely regarded as the most famous oration ever made before a political convention. In the dramatic conclusion. Bryan aid:

"We will answer their demand for a gold standard by saying to them: You shall not press down upwn the browof labor this crown of thorns, you shall not crucify mankind upon a cross of old."

The bankers lavishly supported the Republican candidate, William McKinley, who favored the gold standard. The resulting contest was among the most fiercely contested Presidential races in American hictory.

Bryan made over 600 speeches in 27 states. Bryan stood with the Greenbackers:

"The right to coin and issue money is a function of Government. It is a part of sovereignty and cannot , with safety, **be delegated to private individuals."**

The McKinley campaign got manufacturers and industrialists to inform their employees that if Bryan were elected, all factories and plants would close and there would be no work. The ruse succeeded. McKinley beat Bryan by a small margin.

Some authors believe, and the course of history supports them, that under the bankers' President, McKinley, before the summer of 1897, the United States entered into a secret agreement (no papers of any sort were signed)

{p. 45} that the U.S. would support England in its inevitable conflict with Germany - the product of Bismarck's nation building.

This was, *de facto*, an agreement surrendering American independence into a worldwide alliance (France being a minor partner) to dominate the world, presided over by the Money Changers who dominated the Bank of England from he City, in London, and through it, the British government.

Almost immediately, in 1898, the Spanish-American War was begun. Later, the U.S. was dragged into two World Wars (and other minor ones) to secure the worldwide imperialistic designs of the Money Changers. **The 1897 Agreement made the U.S. a principal in the British Empire**, which has been succeeded by the international financial empire of the Money Changers, defended and expanded by U.S., and more recently, by U.S.-led U.N. armed forces.

Bryan ran for president again in 1900 and in 1908, but fell short each time. But the threat his presence presented to the National Bankers afforded the Republican alternatives, Roosevelt and Taft, a grating measure of independence from the bankers (Roosevelt mildly opposed their monopolies and Taft was unenthusiastic about their proposed central bank legislation), who therefore shifted support to Wilson in 1912.

During the 1912 Democratic Convention, Bryan was a powerful figure who stepped aside to help Woodrow Wilson win the nomination. When **Wilson** became President he **appointed Bryan as Secretary of State. But Bryan soon became disenchanted with** the **Wilson** administration.

Bryan served only two years in the Wilson administration before **resigning in 1915 over the highly-suspicious sinking ofthe Lusitania**, the event which was used to drive America into World War I.

Although WIlliam Jennings Bryan never gained the Presidency, his efforts delayed the Money Changers for seventeen years from attaining their next goal - a new, privately-owned central bank for America. But like Wilson, Bryan was deceived as to the true import of the Federal Reserve Act of 1913. Both initially supported it. Both later publically repented over their support of it. Bryan later wrote:

"That is the one thing in my public career that I regret - my work to secure the enactment of the Federal Resere Law"

20. J.P. MORGAN & the CRASH OF 1907/ ROCKEFELLER

Now it was time for the Money Changers to get back a new, private central bank for America, **the fifth private central bank** to control and manipulate America's money supply.

A major final panic would be necessary to focus the nation's attention on the supposed need for a central bank. The thin rationale offered was that only a centl banl can prevent widespread bank failures and stabilize the currency. **The critically important feature of who would own and control it was an issue carefully avoided**.

Before the Civil War, the Rothschilds had previously used, as principal agents in the U.S., J.L and S. I Joseph & Company. Later

{p. 46} they used August Schoenberg (name changed to Belmont).

George Peabody, an American bond salesman, traveled to London before the Civil War and **developed a relationship with Nathan Rothschild**, which became a highly profitable one for Peabody. His business expanding, he **took on an American partner, Junius Morgan, father of J.P.**

In 1857 Junius was the recipient of a £800,000 loan from the Bank of England at a time of financial crisis when many other firms were denied such loans. Junius Morgan became the Union's financial agent in Britain, often closely associated with the Rothschilds.

In the post-Civil War period the connection between Morgan and the Rothschilds was certainly well known in financial circles. As one writer noted:

"Morgan's activities in 1895-1896 in selling U.S. gold bonds in Europe were based on his ***alliance with*** *the House of* ***Rothschild.****"*

After his father's death, **J.P. Morgan took on a British partner, Edward Grenfell, a long-time director of the Bank of England** . There is speculation the Morgans became the Rothschilds' principal agents in the U.S., eventually to be eclipsed by the Rockefellers.

Early in this century, in U.S. finance, the press and in politics, all lines of power converged on the financial houses of J.P. Morgan (J.P. Morgan Company; **Bankers Trust** Company; First National Bank of New York, Guaranty Trust), the Rockefellers (National City Bank of New York; Chase National Bank; Chemical Bank); Kuhn, Loeb & Company (a representative of the Rothschild banks; National City Bank of New York) and the Warburg's (Manhattan Corp. bank).

Morgan was clearly the most powerful banker in America, and like his father, worked as an agent for the Rothschild family, but also for his own interests. He helped finance the monopolization of various industries, consolidated big steel holdings into a monopoly by buying Andrew Carnegie's steel companies, and owned numerous industrial companies and banks.

Interestingly, though reputedly America's richest banker, upon J.P.'s death, his estate contained $68 million dollars, only 19% of J.P. Morgan company. **The bulk of the securities most people thought he owned, were in fact owned by others** . When J.P. Morgan, Jr. (Jack) died in 1943 his estate was valued at only $16 million. By contrast, when Alphonse Rothschild died in 1905 his estate contained $60 million in U.S. securities alone.

John D. Rockefeller and his brother William used their enormous profits from the Standard Oil monopoly to dominate the National City Bank, merged in 1955 with Morgan's and Kuhn, Loeb & Company's First National Bank of New York, which resulted in Citibank (Citicorp).

Similarly, John D. bought control of Chase National Bank, and merged it with Warburg's Manhattan bank, resulting in the Rockefeller-dominated Chase Manhattan bank, recently merged with the Rockefeller-controlled Chemical Bank.

The combination of **the Rockefeller-controlled Chase-Manhattan/Citicorp banks gives them majority control over the New York Fed**

{p. 47} (52%), which completely dominates the Federal Reserve System. But the New York Fed was controlled by Rockefeller long before any majority ownership was reached.

By these mergers, **the Rockefellers gradually replaced the Morgans, Schiffs and Warburgs as the principal Rothschild allies in the U.S**.

Recent 1998 mega-bank mergers have further consolidated this monolithic control.

David Rockefeller, retired Chairman, was the point man for the Rockefellers in recent decades. One wag described the Rockefellers' seventy-five palatial Pocantico Hills residences (on over 4,000 acres) in New York as *"the kind of place God would have built if he had had the money."*

In Europe a similar consolidation resulted in two main banking dynasties - the Warburgs and the Rothschilds . But whereas the Morgans and the Rockefellers were relatively fierce competitors until the famous Northern Securities battle resulted in a sort of truce, the Warburgs have always been subordinate to the Rothschilds and have not seriously challenged them.

The relationship between the Rothschilds and Rockefellers was initially one of debtor/creditor, as **the Rothschild's provided the seed money for J.D. Rockefeller** to monopolize the U.S. oil refinery business and most oil rduron.

Subsequently, the relationship entered into measured competition here (local wars between subordinates sometimes resulting) and cooperation there, but like the competition between the other banks, this too has resolved into **a power sharing** arrangement.

The centers of power are not easy to identify and remain to a large extent hidden through carefully **concealed** and **interlocking directorships, off-shore accounts**, nominee holdings, private foundations, trusts and the rest. But the top international bankers are vested with the last word in economic and political power.

Most commentators are of the opinion that the Rothschilds are definitely the dominant partner; citing for example, the 1950's appointrnent of J. Richardson Dilworth, partner of **Kuhn, Loeb & Co. (a satellite of the Rothschild family)** who left to take control of the Rockefeller family purse strings, where he managed the investments of Rockefeller descendants in as many as 200 private foundations.

However, the operative relationship described by Georgetown historian **Carroll Quigley** is **"feudalistic"**, that is, analogous to the relationships between a feudal king and the aristocracy consisting of dukes, earls, barons, etc., all mutually supportive, while safeguarding their own turf and "independence", expanding it when permitted without violating the fundamental hierarchical relationships - violations can result in wars.

Lesser members of this "feudalistic" international banking plutocracy include or have included, the Sassoon's (in India and the Far East); Lazard Freres Fance; Mendelsohn (Netherlands); Israel Moses Seif (Italy); Kuhn, Loeb (U.S.); Goldman Sachs (U.S.) Lehman Bros. (U.S.); Schroeders (Germany) ; Hambros (Scandinavia), the Bethmanns, Ladenburgs, Erlangers, Sterns, Seligmans, Schiffs, Speyers, Abs, Mirabauds, Mallets, Faulds, and many others.

{p. 48} The ruling clique in most nations now, excepting a portion ofthe Muslim world and a few so called "rogue" states, are equivalent to local barons, subservient to the higher banking dukes, earls, etc.

This generally reaches right down to the city level, where the dominant local bankers are usually the petty aristocracy, affiliated through banking and commercial relationships with their banking "barons" and so on.

As Georgetown historian Professor Carroll Quigley has noted, if it were possible to detail the asset portfolios of the banking plutocrats one would find the title-deeds of practically all the buildings, industries, farms, transport systems and mineral resources of the world. Accounting for this, Quigley wrote:

*"Their secret is that **they have annexed from governments**, monarchies, and republics **the power to create the world 's money** on debt-terms **requiring tribute both in principal and interest."***

Unfortunately, rather than benevolent rulers, this international banking plutocracy has taken the Malthusian position that **the world is overpopulated with serfs**, and, at the highest levels, **they are deadly serious about correcting this "threat"** and "imbalance", whatever the cost in human misery and suffering.

To return to 1902: President Theodore Roosevelt allegedly went after Morgan and his friends by using the Sherman Anti-Trust Act to try to break up their industrial monopolies. Actually, Roosevelt did very little to interfere in the growing monopolization of American industry by the bankers and their surrogates.

For example, Roosevelt supposedly broke up the **Standard Oil** monopoly. But it wasn't really broken up at all. It **was merely divided into seven corporations, all still controlled by the Rockefellers**, who had been originally financed by the Rothschild-controlled National City Bank of Cleveland. The public was aware of this thanks to political cartoonists like Thomas Nast who referred to the bankers as the *"Money Trust."*

By 1907, the year after Teddy Roosevelt's re-election, Morgan decided it was time to try for a central bank again. Using their combined financial muscle, Morgan and his friends were able to crash the stock market.

Thousands of small banks were vastly overextended. Some of Morgan's principal competitors went under. Some had reserves of less than one percent (1%), thanks to the fractional reserve banking technique.

Within days, runs on banks were commonplace across the nation. Now Morgan stepped into the public arena and offered to prop up the faltering American economy by supporting failing banks with money he generously offered to create out of nothing.

It was an outrageous proposal, worse than even fractional reserve banking, but, in a panic, Congress let him do it. Morgan manufactured $200 million worth of this completely reserveless, private money - and bought things with it, paid for services with it, and sent some of it to his branch banks to lend out at interest.

His plan worked. Soon, the public regained confidence in money in general and quit hoarding their currency. But in the interim, many small banks failed and banking power was further consolidated into the hands of a

{p. 49} few large banks. By 1908 the arranged panic was over and Morgan was hailed as a hero by the president of Princeton University, a naive man by the name of Woodrow Wilson, who naively wrote:

"All this trouble could be averted if we appointed a committee of six or seven public-spirited men like J.P. Morgan to handle the affairs of our country."

Economic textbooks would later explain that the creation of the Federal Reserve System was the direct result of the panic of 1907, quote: *"with its alarming epidemic of bank failures: the country was fed up once and for all with the anarchy of unstable private banking."*

But Minnesota Congressman Charles A. Lindbergh, Sr., the father of the famous aviator, "Lucky Lindy," later explained that the Panic of 1907 was really just a scam:

"The Money Trust caused the 1907 panic... those not favorable to the Money Trust could be squeezed out of business and the people frightened into demanding changes in the banking and currency laws which the Money Trust would frame."

Since the passage of the National Banking Act of 1863, the National Banks that *Act* established as a cartel, had been able to coordinate a series of booms and busts. The purpose was not only to fleece the American public of their property, but later to claim that the decentralized banking system was basically so unstable that it had to be further consolidated and control centralized into a central bank once again, as it had been before Jackson ended it.

The supremely critical economic issue of private vs state ownership and control was carefully skirted, as was the fractional reserve banking fraud causing the booms and busts.

21. JEKYLL ISLAND

After the crash, Teddy Roosevelt, in response to the Panic of 1907, signed into law a bill creating something called the National Monetary Commission. The Commission was to study the banking problem and make recommendations to Congress. Of course, the Commission was packed with Morgan's friends and cronies.

The Chairman was a man named Senator Nelson Aldrich £rom Rhode Island. **Aldrich represented the Newport, Rhode Island homes of America's richest banking families** and was an investment associate of J.P. Morgan, with extensive bank holdings. His daughter married John D. Rockefeller, Jr., and together they had five sons: John, Nelson (who would become the Vice-President in 1974), Laurence, Winthrop, and **David** (the **head of the Council on Foreign Relations** and former Chairman of Chase Manhattan bank).

As soon as the National Monetary Commission was set up, Senator Aldrich immediately embarked on a two-year tour of Europe, where he consulted at length with the private central bankers in England, France and German. The total cost of his trip to the taxpayers was $300,000 - a huge sum in those days.

Shortly after his return, on the evening of November 22, 1910, **seven of the wealthiest and most powerful men in America boarded Senator Aldnch's private rail car** and in the

{p. 50} strictest secrecy journeyed **to Jekyll Island, off the coast of Georgia** .

With Aldrich and three Morgan representatives was **Paul Warburg**. Warburg had been given **a $500,000 per year salary to lobby for passage of a privately-owned central bank** in America by the investment firm, Kuhn, Loeb & Company. Warburg's **partner** in this firm **was** a man named **Jacob Schiff**, the grandson of the man who shared the Green Shield house with the Rothschild family in Frankfort.

Schiff, as, we'll later find out, was in the process of spending $20 million to finance the overthrow of the Czar of Russia. These three European banking families, **the Rothschilds, the Warburgs, and the Schiffs were interconnected by marriage** down through the years, just as were their American banking counterparts, the Morgans, Rockefellers and Aldrichs.

Secrecy was so tight that all seven primary participants were cautioned to use only first names to prevent servants from learning their identities. Years later one participant, **Frank Vanderlip**, president of Rockefeller's National City Bank of New York and a representative of the Kuhn, Loeb & Company interests, **confirmed the Jekyll Island trip in the February 9, 1935 edition of the *Saturday Evening Post*:**

"I was as secretive - indeed, as furtive - as any conspirator... Discovery, we knew, simply must not happen, or else all our time and effort would be wasted. ***If it were to be exposed that our particular group had got together and written a banking bill, that bill would have no chance whatever of passage by Congress."***

The participants came together to figure out how to solve their major problem - how to bring back a privately-owned central bank - but there were other problems that needed to be addressed as well. First of all, the market share of the big national banks was shrinking fast.

In the first ten years of the century, the number of U.S. banks had more than doubled to over 20,000. By 1913, only 29% of all banks were National Banks and they held only 57% of all deposits. As Senator Aldrich later admitted in a magazine article:

"Before passage of this Act, the New York bankers could only dominate the reserves of New York. Now, we are able to dominate the bank reserves of the entire county."

Therefore, something had to be done to bring these new banks under their control. As John D. Rockefeller put it: "Competition is a sin." Actually, moralists agree that monopoly abuse is a sin. But why quibble when there's money to be made.

Secondly, the nation's economy was so strong that corporations were starting to finance their expansion out of profits instead of taking out huge loans from large banks. In the first 10 years of the new century, 70% of corporate funding came from profits. In other words, American industry was becoming independent of the Money Changers, and that trend had to be stopped.

All the participants knew that these problems could be hammered out into a workable solution, but perhaps their biggest problem was a public relations problem - the name of the new central bank. That discussion took

{p. 51} place in one of the many conference rooms in the sprawling hotel now known as the Jekyll Island Club.

Aldrich believed that the word "bank" should not even appear in the name . Warburg wanted to call the legislation the National Reserve Bill or the Federal Reserve Bill. The idea here was to give the impression that the purpose of the new central bank was to stop bank runs, but also to conceal its monopoly character. However, it was Aldrich, the egotistical politician, who insisted it be called the Aldrich Bill.

After nine days at Jekyll Island, the group dispersed. The new central bank (with twelve branches, ultimately) would be very similar to the old Bank of the United States. It would eventually be given a monopoly over the national currency and create that money out of nothing.

How does the Fed "create" money out of nothing? It is a four-step process. But first a word on bonds. **Bonds are simply** promises to pay - or **government IOUs**. People buy bonds to get a secure rate of interest. **At the end of the term of the bond, the government repays the principal, plus interest** (if not paid periodically), **and the bond is destroyed** . There are about 3.6 trillion dollars worth of these bonds at present. Now here is the Fed moneymaking process:

Step 1. The Fed Open Market Committee approves the purchase of U.S. Bonds on the open market.

Step 2. **The bonds are purchased by the New York Fed Bank** from whoever is offering them for sale on the open market.

Step 3. **The Fed pays for the bonds with electronic credits to the seller's bank** , which in turn credits the seller's bank account. **These credits are based on nothing tangible. The Fed just creates them** .

Step 4. **The banks use these deposits as reserves**. They can **loan out ten times the amount of their reserves to new borrowers, all at interest**.

In this way, a Fed purchase of, say a million dollars worth of bonds, gets turned into over 10 million dollars in bank deposits. **The Fed,**

in effect, creates 10% of this totally new money and the banks create the other 90%.

Actually, due to a number of important exceptions to the 10% reserve ratio, many loans require no (0%) reserves, making it possible for banks to create many times more than ten times the money they have in "reserve".

To reduce the amount of money in the economy, the process is just reversed - **the Fed sells bonds to the public**, and money flows out ofthe purchaser's local bank. **Loans must be reduced by ten times** the amount of the sale. So a Fed sale of a million dollars in bonds, results in 10 million dollars less money in the economy.

So how did the Federal Reform Act of l913 benefit the bankers whose representatives huddled at Jekyll Island?

1st - it totally misdirected banking reform efforts from proper solutions.

2nd - it prevented a proper, debt-free system of government finance - like Lincoln's Greenbacks - from making a comeback.

{p. 52} The bond-based system of government finance, forced on Lincoln after he created Greenbacks, was now cast in stone.

3rd - it delegated to the bankers the right to create 90% of our money supply-based on only fractional reserves - which they could loan out at interest.

4th - it centralized overall control of our nation's money supply in the hands of a few men.

5th - it established a new private U.S. central bank with a high degree of independence from effective political control. Sixteen (16) years after it's creation, the Fed's Great Contraction in the early 1930s would cause the Great Depression. This independence has been enhanced since then, through additional amendments.

In order to fool the public into thinking the government retained control, the plan called for the Fed to be run by a Board of Governors appointed by the President and approved by the Senate. But **all the bankers had to do was to be sure that their men got appointed to the Board of Governors**. That wasn't hard. Bankers have money, and money buys influence over politicians.

Once the participants left Jekyll Island, the public relations blitz was on. The big New York banks pooled a "educational" fund of **five million dollars to finance professors at respected universities to endorse the new bank**. Woodrow WIlson at Princeton was one of the first to jump on the bandwagon.

But the bankers' subterfuge didn't work. The Aldrich Bill was quickly identified as a bankers bill - a bill to benefit only what had become known as the "Money Trust." As Congressman Lindbergh put it during the Congressional debate:

***"The Aldrich Plan is the Wall Street Plan**. It means another panic, if necessary, to intimidate the people. Aldrich, paid by the government to represent the people, proposes **a plan for the trusts** instead."*

Seeing they didn't have the votes to win in Congress, the Republican leadership never brought the Aldrich Bill to a vote. President Taft would not back the Aldrich bill. The bankers quietly decided to move to track two, the Democratic alternative.

They began financing Woodrow Wilson as the Democratic nominee. He was considered far more tractable than Bryan. As historian James Perloff put it, **Wall Street financier Bernard Baruch was put in charge of Wilson's education** :

To increase Wilson's chances of defeating the popular Taft, they funded the unwitting Teddy Roosevelt in order to split the Republican vote - a tactic often used since to insure getting their man in. The campaigning Roosevelt said:

"Issue of currency should be lodged with the government and be protected from domination by Wall Street... We are opposed to the Aldrich Bill because its provisions would place our currency and credit system in private hands."

This was certainly correct, and it helped draw votes from Taft and got Wilson elected.

{p. 53} 22. FED ACT OF 1913

During the Presidential campaign, the Democrats were careful to pretend to oppose the Aldrich Bill . As Rep. Louis McFadden, himself a Democrat as well as chairman of the House Banking and Currency Committee, explained it 20 years after the fact:

*"The Aldrich bill was condemned in the platform ... when WoodrowWilson was nominated... The men who ruled the Democraic party promised the people that if they were returned to power there would be no central bank established here while they held the reins of government. Thirteen months later that promise was broken, and the Wilson administration, under the tutelage of those sinister **Wall Street figures who stood behind Colonel House** , established here in ourfree country the worm-eaten monarchical institution of the 'king's bank' to control us from the top downward, and to shackle us from the cradle to the grave."*

Once Wilson was elected, Warburg, Baruch and company advanced a "new" plan, which Warburg named the Federal Reserve System. The Democratic leadership hailed the new bill, called the *Glass-Owen Bill*, as something radically different from the Aldrich Bill. But in fact, the bill was virtually identical in every important detail.

In fact, so vehement were the Democratic denials of similarity to the Aldrich Bill that Paul Warburg - the father of both bills - had to step in privately to reassure his paid iends in Congress that the two bills were virtually identical:

"Brushing aside the external differences affecting the 'shells,' we find the 'kernels ' of the two systems very closely

resembling and related to one another."

But that admission was fo rprivate consumption only. Publicly, the Money Trust trotted out Senator Aldrich and Frank Vanderlip, the president of the Morgan/Rockefeller dominated National City Bank of New York and one of the Jekyll Island seven, to offer token opposition to the new Federal Reserve System.

Years later, however, Vanderlip admitted in the *Saturday Evening Post* that the two measures were virtually identical:

Saturday Evening Post,
February 9, 1935, p. 25,

"From Farmboy to Financier

Although the Aldrich Federal Reserve Plan was defeated when it bore the name Aldrich, nevertheless its essential points were all contained in the plan that finally was adopted."

As Congress neared a vote, they called Ohio attorney Alfred Crozier to testify. Crozier noted the similarities between the Aldrich Bill and the Glass-Owen Bill:

"The ... bill grants just what Wall Street and the big bas for twenty-five years have been striving for - **private instead of public control of currency**. It [the Glass-Owen bill] does this as completely as the Aldrich Bill. Both measures rob the government and the people of all effective control over the public's money, and **vest in the banks exclusively the** dangerous

{p. 54} **power to make money among the people scarce or plenty."**

Exactly. During the debate on the measure, Senators complained that the big banks were using their financial muscle to influence the outcome. "There are bankers in this country who are enemies of the public welfare," declared one Senator. What an understatement!

Despite the charges of deceit and corruption, **the bill was finally rammed through the House and Senate on December 23, 1913**, after many Senators and Representatives had left town for the Holidays, having been assured by the leadership that nothing would be done until long after the Christmas recess. On the day the bill was passed, Congressman Lindbergh prophetically warned his countrymen that:

"This Act establishes the most gigantic trust on earth. When the President signs this bill, ***the invisible government by the Monetary Power will be legalized****. The people may not knowit immediately, but the day of reckoning is only a fewyears removed... The worst legislative crime of the ages is perpetrated by this banking bill."*

On top of all this, only weeks earlier, Congress had finally passed a bill legalizing the income tax. Why was the income tax law important? Because bankers finally had in place a system which would run up a virtually unlited federal debt. How would the interest on this debt be repaid, never mind the principal? Remember, a privately-owned central bank creates the principal out of nothing. **The federal government was small then. Up to then, it had subsisted merely on tariffs and excise taxes**.

Just as with the Bank of England, **the interest payments had to be guaranteed by direct taxation** of the people. The Money Changers knew that if they had to rely on contributions from the states, eventually the individual state legislatures would revolt and either refuse to pay the interest on their own money, or at least bring political pressure to bear to keep the debt small.

It is interesting to note that in 1895 the Supreme Court had found a similar income tax law to be unconstitutional. The Supreme Court even found a corporate income tax law unconstitutional in 1909. As a result, in October, 1913 Senator Aldrich hustled a bill through the Congress for a constitutional amendment allowing income tax.

The proposed 16th Amendment to the Constitution was then sent to the state legislatures for approval, but some critics claim that the 16th Amendment was never passed by the necessary 3/4s of the states. In other words, the 16th Amendment may not be legal. But the Money Changers were in no mood to debate the fine points. Without the power to tax the people directly and bypass the states, the Federal Reserve Bill would be far less useful to those who wanted to drive America deeply into their debt.

A year after passage of the Federal Reserve Bill, Congressman Lindbergh explained how the Fed created what we have come to call the "Business Cycle" and how they use it to their advantage:

"To cause high prices, all the Federal Reserve Board will do will be to lower the rediscount rate..., producing an expansion of credit and a rising stock market; then when... business men are adjusted to these

{p. 55} *conditions, it can check... prosperity in mid-career by arbitrarily raising the rate of interest.*

It can cause the pendulum of a rising and falling market to swing gently back and forth by slight changes in the discount rate, or cause violent fluctuations by a greater rate variation, and in either case it will possess inside information as to financial conditions and advance knowledge of the coming change, either up or down.

This is the strangest, most dangerous advantage ever placed in the hands of a special privilege class by any Government that ever existed.

They knowin advance when to create panics to their advantage. They also knowwhen to stop panic. Inflation and deflaion work equally well for them when they control finance..."

Congressman Lindbergh was correct on all points. What he didn't realize was that most European nations had already fallen prey to the private central bankers decades or even centuries earlier. But he also mentions the interesting fact that only one year later, the Fed had cornered the market in gold: According to Lindbergh, *"Already the Federal Reserve banks have cornered the gold and gold certificates..."*

But Congressman Lindbergh was not the only critic of the Fed. Congressman Louis McFadden, the Chairman of the House Banking and Currency committee from 1920 to 1931 remarked that the *Federal Reserve Act* brought about:

"A super state controlled by international bankers and international industrialists acting together to enslave the world for their own pleasure."

Notice how McFadden saw the international character of the stockholders of the Federal Reserve. Another chairman of the House Banking and Currency Committee in the 1960s, Wright Patman from Texas, put it this way:

"In the United States today we have in effect two governments ... We have the duly constituted Government ... Then we have ***an independent, uncontrolled and uncoordinated government in the Federal Reserve System****, operating the money powers which are reserved to Congress by the Constitution."*

Even the inventor of the electric light, **Thomas Edison**, joined the fray in criticizing the system of the Federal Reserve:

"If our nation can issue a dollar bond, it can issue a dollar bill *. The element that makesthe bond good, makes the bill good, also... It is absurd to say that our country can issue $30 million in bonds and not $30 million in currency.* ***Both are promises to pay, bu one promise fattens the userers and the other helps the people****."*

Three years after the passage of the Federal Reserve Act, even President Wilson began to have second thoughts about what he had unleashed during his first term in office.

"We have come to be one of the worst ruled, one of the most completely controlled governments in the civilized world - no longer a government offree opinion,

{p. 56} *no longer a government by ... a vote of the majority, but* ***a government by the opinion and duress of a small group of dominant men.***

Some of the biggest men in the United States, in the field of commerce and manufacture, are afraid of something. They knowthat there is ***a power somewhere so organized, so subtle, so watchful, so interlocked, so complete, so pervasive*** *, that they had better not speak above their breath when they speak in condemnation of it."*

Before his death in 1924, President Wilson realized the full extent of the damage he had done to America, when he sadly confessed:

"I have unwittIngly ruined my government."

So finally, the Money Changers, those who profit by creating and manipulating the amount of money in circulation, had their privately owned central bank installed again in America. The major newspapers (which they owned or heavily influenced through their advertising) hailed passage of the Federal Reserve Act of 1913, telling the public that "now depressions could be scientifically prevented." The fact of the matter was that now depressions could be scientifically initiated.

By bribery, deceitful political manipulation and abuse of their press influence and ownership, they had usurped the monetary function of government. The U.S. government was left with only trivial relics of its sovereign monetary power: the minting of coins (a tiny fraction ofthe money supply, but a debt-free one); the re-printing of Lincoln's U.S. notes (Greenbacks, but limited to $300,000,000 total); and issuing a limited number of gold and silver certificates.

As Mr. James Rand, former President of Remington Rand, Inc. well said:

"No government should permit such coercive power over its own credit to be held by any one group or class as the privately owned Federal Reserve System holds today.

No government should delegate to private interests the control over the purchasing power of money.

The issue must be faced and settled. There can be no complete restoration of confidence until the conflict between private and government control over money is ended."

The 5th Amencan Bank War ended in victory for the Money Changers and the defeat of the American people. In the interim, the Money Changers' grip has gradually tightened, hiding this history, propagandizing our people to support their various nefarious activities through their media control, and choking our liberties by degrees. Whether America will escape their tightening grip is an open question, but is increasingly unlikely.

23. MORGAN/WORLD WAR I

Economic power was now centralized to a tremendous extent. Now it was time for a war - a really big war - in fact, the first World War. Of course, as the central bankers knew, nothing creates debts like warfare.

{p. 57} England was the best example up to that time. During the 119-year period between the founding of the Bank of England and Napoleon's defeat at Waterloo, England had been at war for 56 years. And much of the remaining time, she'd been preparing for war.

In World War I, the German Rothschilds loaned money to the Germans, the British Rothschilds loaned money to the British, and the French Rothschilds loaned money to the French. It was all highly profitable. In America, J.P. Morgan was the sales agent for war materials to both the British and the French.

In fact, six months into the war, Morgan became the largest consumer on earth, spending $10 million a day. His offices at 23 Wall Street were mobbed by brokers and salesmen trying to cut a deal. In fact, it got so bad that the bank had to post guards at every door and at the partners' homes as well.

Other Rothschild allies in the United States made out as well from the war. President **Wilson appointed Bernard Baruch to head the War Industries Board**. According to historian Jarnes Perloff, both Baruch and the Rockefellers profited by some $200 million during the war.

But profits were not the only motive. There was also revenge and power. **The Money Changers never forgave the Czars for their opposition** nor for supporting Lincoln during the Civil War. Also, Russia was the last major European nation to refuse to give in to the privately-owned central bank scheme.

Three years after World War I broke out, **the Russian Revolution toppled the Czar** . **Jacob Schiff** of Kuhn, Loeb & Company **bragged on his deathbed that he had spent $20 million towards the defeat of the Czar** . But the truth was that much of that money funded the communist coup d'etat replacing the democratically elected Kerensky regime, which had replaced the Czar months earlier.

The bankers were not so much enemies of the Czar, as they were intent on seizing power in Russia, through the Bolsheviks. Three gold shipments in 1920 alone, from Lenin to Kuhn, Loeb & Company and Morgan Guaranty Trust repaid the $20 million to the bankers, and this was just a small down payment.

But would some of the richest men in the world financially back communism, the system that was openly vowing to destroy the socalled capitalism that made them wealthy? Communism, like plutocracy, is a product of capitalism. Researcher Gary Allen explained it was this way:

"If one understands that socialism is not a share-the-wealth program, but is in reality a method to consolidate and control the wealth, then the seeming paradox of super-rich men promoting socialism becomes no paradox at all. Instead, it becomes logical, even the perfect tool for power-seeking megalomaniacs. Communism or more accurately, socialism, is not a movement of the downtrodden masses, but of the economic elite."

As W. Cleon Skousen put it in his 1970 book *The Naked Capitalist*:

"Power from anysource tends to create an appetite for additional power... It was almost inevitable that ***the super-rich would one day aspire to control not only their own wealth, but the wealth of the whole world****. To achieve this, they were*

{p. 58} *perfectly willing to feed the ambitions of fhe power-hungry political conspirators who were committed to the overthrowof all existing governments and the establishment of a central world-wide dictatorship."*

But what if these revolutionaries get out of control and try to seize power from the Money Changers? After all, it was Mao Tse-tung who in 1938 stated his position concerning power:

"Political power grows out of the barrel of a gun."

The London/Wall Street axis elected to take the risk. **The master-planners attempted to control revolutionary communist groups** by feeding them vast quantities of money when they obeyed, and contracting their money supply, or even **financing their opposition or fascist parties in bordering nations, if they got out of control**. Lenin began to understand that although he was the dictator of the new Soviet Union, he was not pulling the financial strings, someone else was silently in control:

"The state does not function as we desired. The car does not obey. A man is at the wheel and seems to lead it, but the car does not drive in the desired diretion. It moves as another force wishes."

Who was behind it? Rep. Louis T. McFadden, the Chairman of the House Banking and Currency Committee throughout the 1920s and into the Great Depression years of the 1930s, explained it this way:

"The course of Russian history has, indeed, been greatly affected by the operations of international bankers... ***The Soviet Government has been given United States Treasury funds by the Federal Reserve Board*** *... acting through the Chase Bank* ***England has drawn money from us through the Federal Reserve banks and has re-lent it at high rates of interest to the Soviet Government****... The Dnieperstory Dam was built with funds unlawfully taken from the United States Treasury by the corrupt and dishonest Federal Rseerve Roard and the Federal Reserve banks."*

In other words, the Fed and the Bank of England, along with their controlling stock-holders, the Rothschilds, Rockefellers, Morgans, Schiffs, Warburgs, etc., were creating a monster, one which would fuel seven decades of unprecedented Communist revolution, warfare, and most importantly - debt.

The Soviet Union was also a useful counterbalance to Germany, and later to the U.S. , until 1989 with its dismemberment into fifteen countries. **China then became a new counterbalance to the U.S.** , and is being built up at the rate of over $100 million tollars a day by lopsided trade deals, IMF loans and Western invetments.

Such balance-of-power arrangements assure that **the Money Changers cannot be overthrown worldwide by a** political **revolt in**

any single country. In that case, **they** simply **shift support to the counter-balanced country** . Additionally, the inevitable military rivalry between roughly balanced powers results in massive expenditures and so more national borrowing and debt.

In case one thinks there is some chance that the Money Changers got communism going and then lost control - keep in mind that **even in the socialist paradise, Rockefeller's National**

{p. 59} **City Bank** (now **Citigroup**) **in St. Petersburg was never nationalized, as were all Russian banks** . Numerous Western bankers operated openly in the Soviet Union, and made vast profits.

However, setbacks, some major, did occur. For instance, **it is likely the bankers early on preferred the more compliant Mensheviks** to the more independent Bolsheviks, but Lenin got the upper hand. But both groups had the same end and so this was not a fundamental division. However, it did lead to a serious problem **when Lenin died**, as **an even more independent sort - Stalin - squeezed out the bankers' candidate - Leon Trotzky** (real name: Bronstein; **whose wife was linked to the Warburgs**) - and took control of Soviet Communism. Even then Stalin continued to fear Trotzky's powerful connections, and so had him tracked down and eventually assassinated in Mexico.

To pressure Stalin back into the ranks, as C.G. **Rakovsky** explained, **the bankers financed Hitler**, who was an avowed enemy of communism and openly advocated invading the Soviet Union. Anthony C. Sutton and others have documented the money trail from Wall Street to Hitler, which was mentioned above by Congressman McFadden. But it was only **on the death of Stalin** , with the rise of Khruschev et seq., that **the Soviet Union was fully back in the ranks** , securely under the bankers' control.

{Stalin was murdered: death-of-stalin.html}

In 1992, *The Washington Times* reported that Russian President Boris Yeltsen was upset that most of the incoming foreign aid was being siphoned off "sraight back into the coffers of Western banks in debt service." Much of that debt was incurred under the prior communist regimes, which were heavily in debt to the Money Changers.

Similarly, once in power, **Mao Tse-Tung** spread his wings and **expelled the Soviets** from Red China leading to the Sino-Soviet rift of the 1960's. **The U.S. and the U.S.S.R. initiated an encirclement policy of China** including: heavy Soviet troop concentrations and border provocations in Manchuria; drawing North Korea and Mongolia tightly into the Soviet camp; placing nuclear weapons in Manchuria; arming Tibetan freedom fighters and Taiwanese troops; and establishing important U.S. (now Soviet) air and naval bases in Vietnam (such as Cam Rahn Bay) while beefing up U.S. forces in Guam, Japan, Laos and Thailand, all under the pretext of the Vietnam War.

Under this growing pressure, Mao first responded with internal political purges just as Stalin had done, but with the failure of the Great Leap Forward and with the U.S./U.S.S.R. noose tightening, **Mao blinked and Kissinger was sent in to strike the deal** .

Still, Mao's price for **China's cooperation and integration in the bankers' one-world scheme** was obviously high, here is the result: the encirclement ended, including U.S. abandonment of South Vietnam and Laos; China got Taiwan's U.N. seat (and doubtless a pledge of eventually getting Taiwan itseLf); a free hand in Tibet, Hong Kong; and **gigantic bribes in the form of Western development of China**.

This left the Bankers with few obstacles worldwide: Muslim fundamentalism here and there, India's nuclear development, and the weak remnants of Western nationalism (concentrated in the large [but rapidly

{p. 60} shrinking] U.S. middle class and in a minority of the British, French, and Russian aristocracy [e.g. Thatcher and Le Pen]).

To overcome these, the Russian Empire was dismembered into fifteen nations; the U.K, France and the U.S.A. are gradually being submerged into regional and global entities (such as NAFTA, WTO, MAI, EEC, EU, etc.) and Desert Storm et seq. is keeping the Muslims on a tight leash while India is being pressured to abandon its nuclear program.

The bankers' three main regional groupings: the European Union, the proposed American Union in the Western hemisphere, and Chinese dominance in Asia, are rapidly bringing to life Orwell's three virtually identical world nations set forth in his book *1984*: Eurasia, Oceania and East Asia - all set to engage in perpetual war (WWIII) with its attendant debt and population reduction and control.

{Orwell got this idea from James Burnham's book *The Managerial Revolution*: burnham.html}

Wars are complex things with many causative factors. But on the other hand, it would also be equally foolish to ignore as a prime cause of World Wars I and II those who would profit the most from war, both financially and politically.

Senator Nye of North Dakota raised the possibility that the Wilson administration entered WWI, at a critical juncture for the allies, in order to protect huge Wall Street bank loans to the allies. During the War the U.S. money supply was doubled to pay for it, halving the dollar's purchasing power and so Americans' savings.

It is also interesting to note that the most belligerent pro-war hawk surrounding President Wilson was a man named Colonel Edward Mandell House, the son of a man commonly believed to be a Rothschild agent, who was himself closely associated with Wall Street and European bankers.

The role of the Money Changers is no wild conspiracy theory. They had a motive - a short-range, self-serving motive as well as a long-range, political motive of advancing totalitarian government, with the Money Changers maintaining the financial clout to control whatever politicians might emerge as the leaders.

Next, we'll see what the Money Changers' political goal for the world is. ...

{p. 79} We must learn from our history before it is too late. Why can't politicians control the federal debt? Because all our money is created in parallel with an equivalent quantity of debt. Again, it's a debt-money system. **Our money is created initially by the sale of U.S. Bonds**. The public buys bonds, the banks buy bonds, foreigners buy bonds, and when **the Fed** wants to create more money in the system, **it buys bonds but pays for them with brand new Federal Reserve Notes (or book entries) which it creates out of nothing**. Then, whatever **new money** the Fed creates **is multiplied by at least** a factor of **ten by the private banks, thanks to** the **fractional reserve** principle. Actually, exceptions to the reserve ratios allow a much greater multiplier.

So, **although the banks don't create currency, they do create checkbook money, or deposits, by making new loans** . They even invest some of this created money. In fact, **over one trillion dollars of this privately-created money has been used to purchase U.S. Bonds** on the open market, which provides the banks with roughly **50 billion dollars in interest**, risk free, each year, **less the interest they pay some depositors**. In this way, through fractional reserve lending, banks create far in excess of 90% of the money, and therefore cause over 90% of our inflation (approximately 97%).

What can we do about all this? Fortunately, viewed purely as a technical problem there's a way to fix the problem fairly easily (theoretically), speedily, and without any serious financial problems. **We can get our county totally out of debt in 1-2 years by simply paying off U.S. bonds with debt-free U.S. Notes (or Treasury Department Deposits convertible to U.S. Notes)** - just like Lincoln issued. Of course, that by itself would create tremendous inflation, since our currency is presently multiplied by the fractional reserve banking system.

But here's **the ingenious solution advanced in part by Milton Friedman**, and others, to keep the money supply stable and avoid inflation and deflation while the debt is retired. **As the Treasury buys up its bonds on the open market with U.S. Notes, the reserve requirements** of your hometown local bank **will be proportionally raised so the amount of money in circulation remains constant**.

As those holding bonds are paid off in U.S. Notes, they will deposit this money, thus making available the currency then needed by the banks to increase their reserves. **Once all the U.S. bonds. are replaced with U.S. Notes, banks will be at 100% reserve banking**, instead of the fractional reserve system currently in use.

From that point on, the former Fed buildings will only be needed as central clearing houses for checks, and as vaults for U.S. Notes. The *Federal Reserve Act* will no longer be necessary, and could be repealed. Monetary power would be under government control. There would be no further creation or contraction of money by banks.

By doing it this way, **our national debt can be paid off in a single year or so** , and the Fed and fractional reserve banking abolished without national bankruptcy, financial collapse, inflation or deflation, or any significant change in the way the average American goes about his business.

{p. 80} To the average person, the primary diference would be that for the first time since the *Federal Reserve Act* was passed in 1913, **taxes would begin to go down and inflation would cease**, **preserving the value of** their **savings, wages and fixed incomes**. Now there's a real national blessing for you, rather than for Hamilton's banker friends.

Without their awful money-creating power, the Money Changers would gradually lose their political control and clout. Of course, their mass media control is another issue, but even it depends on their massive money-creating power.

Now, let's take a look at these proposals in more detail. We have drafted a proposed *Money Reform Act*, which follows at the end of this text. Of course, variations with the same results would be equally welcome.

ELEMENTS OF MONETARY REFORM

1. **Pay of the national debt with debt-free U.S. Notes** (or Treasury department credits convertible to U.S. Notes). As Thomas Edison put it, **if the U.S. can issue a dollar bond, it can issue a dollar bill** . They both rest purely on the good faith and credit of the U.S. This amounts to **a simple substitution of one type of government obligation for another**. **One bears interest, the other doesn't**. Federal Reserve Notes could be used for this as well, but could not be printed after the Fed is abolished, as we propose, so we suggest using U.S. Notes instead, as Lincoln did.

2. **Abolish Fractional Reserve Banking**. As the debt is paid off, the reserve requirements of all banks and financial institutions would be raised proportionally at the same time to absorb the new U.S. Notes and prevent infiation, which would be deposited and become the banks' increased reserves. At the end of the first year, or so, all of the national debt would be paid, and we could start enjoying the benefits of **full-reserve banking** . The Fed would be obsolete, an anachronism. This same approach would work equally well in Canada, England and in virtually all debt-based, central bank controlled economies.

3. **Repeal of the Federal Reserve Act** of 1913 and the National Banking Act of 1864. These acts delegate the money power to a private banking monopoly. They must be repealed and **the monetary power handed back to the govemment (in the U.S., the Department of the Treasury)**, where they were initially, under President Abraham Lincoln. No banker or person in any way afflliated with financial institutions should be allow to regulate banking. After the first two reforms, these Acts would serve no useful purpose anyway, since they relate to a fractional reserve banking system.

4. **Withdraw the U.S. from tbe IMF, the BIS and the World Bank**. These institutions, like the Federal Reserve, are designed to further centralize the power of the international bankers over the world's economy and the U.S. must withdraw from them or lose its sovereignty and independence. Their harmless, useful functions such as currency exchange can be accomplished either nationally, or in new organizations limited to those functions.

In theory, neither international banks, nor international bodies such as a U.N. should be unreasonably opposed as "evil" or harmful to the common good - in fact, they can all be helpful servants of humanity, PROVIDED that their authority and functions do not im-

{p. 81} pinge on national sovereignty nor expose the peoples of the world to tyranny.

Few would seriously argue against the necessity and inevitability in our time of organizing juridically the community of nations, in a manner proportionate to and protective of their national unity. This is due to their interdependence and transcendent bonds which unite all human societies and the wider common goods which may be achieved.

In the Middle Ages, Christendom was such a society of nations, based on a common religion; little by little the many and varied differences that divided them were diminished and their quarrels extinguished. Here is one definition of such a body:

"A stable, fruitful international organization such as is desired by men of good will, an organization which, respectingthe rights of God, will be able to assure the reciprocal independence of nations big and small, to amiably regulate their differences, to impose fidelity to agreements loyally agreed upon, and to safeguard the sound liberty and dignity of the human person in each one 's efforts towards prosperiy for all. " - Pope Pius XII

It is necessary to preserve national sovereignty in order to struggle with common problems, tasks and development in common with men of like interests, mentality, character, sentiment, aspirations, historical and cultural solidarity and so on, in the various, unique geographical sections of the world successfully, for the good and harmony of the whole world. Each nation is "chosen" in that sense for some such unique task.

In other words, nations are necessary to attain numerous benefits needed by men available neither to individual nor to universal organization. Thus the loss of unique, sovereign nations would be a terrible loss for all mankind, similar to the destruction of the farmly, for nations are quasi-families. The benefits of families are incalculable and essential to the development and well-being of man.

Obviously, the present structure of international banks, the U.N. and rdated bodies, such as the World Court and the W.T.O., do impinge on national sovereignty, are deliberately designed to lead to a worldwide tyranny of the top bankers, and contain woefully inadequate safeguards to prevent this. Therefore, they should either be abolished, or fundamentally reformed. Considering their present structure, it would surely be by far the more prudent and safer course to abolish them and propose international bodies to address legitimate international issues, with proper safeguards and limitations. But practically, it is possible only to fight to reform them little by little.

Thus, to work for an international, social and political milieu organized on the basis of peace and cooperation is entirely consistent with national patriotism. Indeed, since the would-be world tyrants collaborate internationally, so must patriots. But this must not compromise avoiding that noxious and detestable internationalism or intemational imperialism in financial affairs, which holds that where a man's fortune is, there is his country.

The worldwide diffusion of industry with its attendant concentration of capital, has allowed the bankers' economic control to penetrate every nation - no nation, no farnily does not feel its repercussion.

{p. 82} **Domestically, a Monefary Reform Act**, such as that following, **would guarantee that the amount of money in circulation would stay very stable**, causing neither inflation, nor deflation, and would end the national tribute to bankers. Remember, for the last four decades **the Fed has doubled the American money supply every ten years** . That fact, and fractional reserve banking, are the real causes of inflation and the reduction in our buying power - a hidden tax. These and other taxes are the real reasons both parents now have to work just to get by. The family is thus under siege.

The money supply should increase slowly to keep prices stable, roughly in proportion to productivity and to population growth - about 3% per year - not at the whim of a group of bankers meeting in secret. All future decisions on how much money will be in the American economy should be made based on a fixed, non-discretionary rule, such as a fixed number (e.g. O, 1, 2 or 3%) or on statistics of population growth, productivity, and/or the price level index. The precise rule chosen is less important than having one - fixed and non-discretionary. (See Endnote 5 to the Monetary Reform Act in Appendix c.)

George Washington wrote in 1787 that:

"The wisdom of man, in my opinion, cannot at this time devise a plan by which credit of paper money would be long supported; consequently, depreciation keeps pace with the quantity of the emission, and articles for which it is exchanged rise in a greater ratio than the sinking value of the money."

This was a sagacious analysis of both the problems of a fiat currency and the state of knowledge of banking techniques at that time, but no longer. A fixed, non-discretionary rate of monetary growth, such as that described above (coupled with full reserve banking), precisely addresses Washington's concern.

As a report of the Columbia University Commission stated:

"It is an entirely fallacious notion that paper [money] standards are uncontrollable."

Examples of a controlled, paper, fiat currency without inflationary excess are numerous, including England in the periods 1797-1821 and 1914-25. But fixed, non-discretionary rules are essential to secure this effect on a lasting basis.

Monetary regulators in the Treasury Department - perhaps called the Monetary Committee - should have absolutely no discretion over monetary growth, except in time of declared war. This would insure a steady, stable money growth resulting in stable prices, and no sharp changes in the money supply. All deliberations should be public, not secret, as meetings of the Fed's Board of Governors, are today.

How do we know this will work? Because these steps remove the two major causes of economic instability - the Fed and fractional reserve banking manipulating the quantity of money, and the newest, third one as well, the World Central Bank. But most importantly, the danger of a severe depression would be eliminated. Let's listen to Milton Friedman on the single cause of severe economic depressions:

{p. 83} "I know of no severe depression, in any country or any time, that was not accompanied by a sharp decline in the stock of money, and equally of no sharp decline in the stock of money that was not accompanied by a severe depression."

Issuing debt-free currency, not tied to bond issues, is not a radical solution. It's been **advocated** in its parts by Presidents **Jefferson, Madison, Jackson, Van Buren and Lincoln**. It's been **used** at different times **in Europe as well**. One current example is one of the small islands off the coast of France in the English Channel. Called **Guernsey**, it **has been using debt-free money issues to pay for large building projects for nearly 200 years**.

Guernsey is an example of just how well a debt-free money system can work. In 1815, a committee was appointed to investigate how best to finance a new market. **The impoverished island could not afford more new taxes, so the State's fathers decided to issue their own paper money**. They were just colorful paper notes, backed by nothing, but the people of this tiny island agreed to accept them and trade with them.

To be sure they circulated widely, they were **declared** to be **"good for the payment of taxes."** Of course this idea was nothing new. It was exactly **what America had done before the** American **Revolution** and there are many other examples throughout the world. But it was new to Guernsey, and it worked. The market is still in use, and remember, it was built with no debt to the people of this island state.

But what if we follow Guernsey's example? The resulting advantages would include: no more bank runs; bank failures would be very rare (on the rare massive theft); the national debt would be entirely paid-off; the monetary, banking, and tax system would be more efficient and simplified; significant inflation and deflation would be eliminated; booms and busts would be reduced to insignificance; banker control of our industry and political life would end.

How would the bankers react to these reforms? Certainly **the international bankers' cartel will oppose reforms that do away with their control** of the world's economies, as they have in the past. But it is equally certain that Congress has the Constitutional authority and responsibility to authorize the issuance of debt free money - U.S. Notes, just the same as Lincoln's Greenbacks, and to reform the very banking laws it ill-advisedly enacted.

Undoubtedly, the bankers will claim that issuing debt-free money will cause severe inflation or make other dire predictions, but remember, **it is fractional reserve banking which is the real cause of over 90% of all inflation -** not whether debt-free U.S. Notes are used to pay for government deficits. The simultaneous transition to full reserve banking will absorb the new notes, thus preventing inflation, while stabilizing banking and the economy.

In the current system, any spending excesses on the part of Congress, are turned into more U.S. debt bonds . The 10% of the bonds purchased by the Fed (in order to provide the high-powered money liquidity in the capital markets needed to purchase of the rest of the new bonds), are then multiplied ten times over by the bankers, causing over 90% of all inflation. ...

{p. 88} Educate yourself and your friends: read. *"When you know a thing to recognize that you know it, and when you do not, to know that you do not know - this is knowledge."* - Confucius

Our country needs a solid group who really understand how our money is manipulated and what the solutions are, because **if a depression comes, there will be those who will come forward advancing solutions framed by the international bankers**.

Beware of calls to return to a gold standard. Why? Simple. Because **never before has so much gold been so concentrated outside of American hands**. And never before has so much gold been in the hands of international governmental bodies such as the World Bank and International Monetary Fund. In fact, **the IMF now holds more gold then any central bank**.

The Swiss are under intense pressure from the Money Changers to dispose of their gold. This is most likely either a prelude to the complete demonetization of gold (like silver before it), or to its monopoliation and remonetization by the Money Changers.

Therefore, to return to a gold standard would almost certainly be a false solution in our case. As was repeated in the Great Depression: "In gold we trusted; by gold we're busted."

Likewise, beware of any plans advanced for a regional or world currency - this is another international banker's Trojan Horse - a deception to open the national gates to more international control.

Educate your member of Congress. It only takes a few persuasive members to make the others pay attention. Most Congressmen just don't understand the system. Some understand it, but are influenced their bank stock ownership or by bank PAC contributions to ignore it, not realizing the gravity of their neglect. Obviously, there is little chance for significant monetary reform at present. But **if an opportunity ever does present itself**, perhaps **in a crisis**, at least **they will have been given the information to avoid** merely floundering in **banker-inspired confusion** as did many sincere reform-minded Congressmen in the Great Depression.

We hope we have made a useful contribution to the national debate on monetary reform. It remains for each man to do his duty, consistent with his state in life. May God give us the light to help reform our nation, and ourselves. We say ourselves, because ultimately vast multitudes of men are going to be driven more and more to desperation by the accumulation of the world's wealth in fewer and fewer hands. Men will be tempted more to become like their oppressors, selfish and greedy. Rather, let's keep in mind a warning not to lose sight of greater things. As Pope Pius put it:

"For what will it profit men that a more prudent distribution and use of riches make it possible for them to gain even the whole world, if thereby they suffer the loss of their own souls? ..."

{end of quotes}

Patrick S.J. Carmack, B.B.A., J.D. on the video:

http://www.themoneymasters.com/making.htm

... In 1995, I produced the Money Masters video ... total sales to date are approximately 50,000 units. Interestingly, sales have increased almost every year. Apart from a very few personal appearances and a few small ads in 1995, we utilized no (zero) advertising to promote it. We do however maintain a website (themoneymasters.com) and a toll-free number (1-888-THE-PLOT [843-7568]). So the interest in the video, which is international (the majority of sales in the present millennium have been overseas), has been by word-of-mouth. ...

The videotext I have since rewritten, expanded, added appendices and updated into a 135 page (8-12"x11") book of the same title, which I am updating again. But one can only cram in about 70 pages of dialogue into a 3 1/2 hour video. That makes explaining the mechanisms and history of modern banking and its political ramifications on video a daunting task. Thus we had to hit only the highlights and the core explanations, and cut nearly 21 hours of footage. We simply could not see how to get it any shorter than 3 1/2 hours and yet cover the topic sufficiently, even for a "popular" video. On the other hand, any more than 3 1/2 hours would, we thought, be too much for the general public. ...

The only significant error in the history - which is nevertheless minor - involves the precise circumstances surrounding the passage of the U.S. Federal Reserve Act of 1913 in Congress. Congress was indeed "railroaded" into passing the Act, but the exact numbers of Congressmen voting given was incorrect. Otherwise the 300-year history has not been successfully challenged, in our view. ...

{endquote}

Benjamin Ginsberg, who is Professor of Political Science at John Hopkins University, wrote in his book *The Fatal Embrace: Jews and the State* (University of Chicago Press, Chicago 1993):

{p. 17} In the decades after the war, **governments became** increasingly {p. 18} **dependent upon foreign borrowing - an activity** that **the Rothschilds** came to **dominate**. Between 1818 and 1832, **Nathan Rothschild handled 39% of the loans floated in London by** such governments as **Austria, Russia and France**. Similarly, the Vienna and Paris branches of the family raised money and sold bonds for the Hapsburgs, Bourbons, Orleanists, and Bonaparts. **By mid-century, the entire European state system was dependent upon the international financial network dominated by the Rothschilds**. In the 1860s and 1870s, another Jewish financier, Baron Gerson von Bleichroeder, was a principal figure in the creation of a united German state. Bleichroeder helped Bismarck obtain loans for the war against Austria after the chancellor failed to secure financing from the Prussian parliament. Subsequently, **Bismarck entrusted Bleichroeder with negotiating the indemnity to be paid by France** after its defeat in the Franco-Prussian War in 1871 (**on the French side, negotiations were conducted by the Rothschilds**).

{endquote}

Is Ginsberg - an American Jew - an "Anti-Semite" for such statements? If not, then critics should not use this slur against non-Jews who say much the same.

Why should the richest and most powerful people be able to hide behind Victimhood?

More from Ginsberg at ginsberg.html.

Michael Hudson on Tax Havens: tax-havens.html.

How Banks Create Money; why we can never get out of Debt. *Financing Sustainable Development* , by John H. Hotson: money.html.

Nicholas Best on the link between Templars and Freemasons, and the Freemasons' role in the murder of the King during the French Revolution. The role of the Knights Templar in banking: correctness.html.

Werner Sombart on the history of money-lending: sombart.html.

To order *The Money Masters* video and book: http://www.themoneymasters.com/

Richard A. Werner is Professor and Chair of International Banking at the University of Southampton. His book Princes of the Yen is about the role of Japan's central bank in the "miracle" years and the recent "crisis" years. It is also about banking, and central banking, in all countries: werner-princes-yen.html.

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