THE MONEY CHANGERS

by Patrick S. J. Carmack

THE U.S. FEDERAL RESERVE

There was a time 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 largely was 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 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 states to conduct their own affairs. To restore a condition of widespread, modest wealth is therefore essential to regaining and preserving our freedom. 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) working at low-paying, dead-end jobs and still making do with less? What's the future of the American economy and way of life? Are we headed into an economic crash of unprecedented proportions?

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. He has this to say about our future prospects:

"I can tell you right now that 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 lose more money than at any 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 transferred."

Former US presidential candidate Charles Collins is a lawyer and a banker who has owned banks and served as a bank director. He believes we'll never get out of debt because the Federal Reserve (the Fed) is in control of our money. To quote Collins:

"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 that the end is near for the US economy:

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

The problem is that the US has one of the worst monetary systems ever devised: a central bank that operates independently of the 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 US 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 as it deliberately created the Great Depression of the 1930s. The Federal Reserve headquarters is in Washington, DC. It sits on a very impressive address 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 Federal Reserve — and there are no reserves. The name is a deception created before the Federal 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, at best, quasi-public) bank owned by private national banks, which are the stockholders, and run for their private profit.

As economist Henry Pasquet noted:

"That's exactly correct; the Fed is a privately owned, for-profit corporation which has no reserves — at least no reserves to back up the Federal Reserve notes which are our common currency."

The Federal Reserve Act was railroaded through a carefully prepared Congressional Conference Committee meeting, scheduled during the unlikely hours of 1.30 am to 4.30 am (when most members were sleeping) on Monday 22 December 1913, at which 20 to 40 substantial differences in the House and Senate versions were supposedly described, deliberated upon, debated, reconciled and voted upon in a near-miraculous four-and-a-half to nine minutes per item, at that late hour.

At 4.30 am, a prepared report of this 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 notifying them, and that Republicans were not present and were given no opportunity either to 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 PM on 23 December, when many members had already left the Capital for the Christmas holiday, the very same day that the Bill was hurried through the House and Senate, President Woodrow Wilson signed the Federal Reserve Act of 1913 into law.

The Act transferred control of the money supply of the United States from Congress to a private 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".

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

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

While majority ownership conclusively demonstrates effective control, it is not critical to control-which is often exercised large, publicly traded corporations by blocks of as little as 25 %, when the other owners hold small blocks.

One of the most outspoken critics of the Fed in Congress w Louis T. McFadden (R-PA), the Chairman of the House Banking and Currency Committee during the Great Depression years. In 1932 he said:

"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 money-lenders… 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."

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 just another commodity. If you have a monopoly on a commodity that everyone needs, everyone wants and nobody has enough, there are lots of ways to make a profit and exert tremendously 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.

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, Benjamin 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.

Thomas 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".

Jefferson's statement is in fact the solution to most of our economic problems today.

James Madison, the main author of the Constitution, agreed. It is interesting that he called those behind the central bank scheme **"the Money Changers".** 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 have been fought over it. Depressions have been caused to acquire it. And yet after World War I this battle was rarely mentioned in newspapers or history books.

By World War I, the **Money Changers** with their dominant wealth had seized control of most of the US 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 Rockcfeller.

It read in part:

"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, except that of little country towns. You know this and I know it. Not a man among you dares to utter his honest opinion. Were you to utter it, you know beforehand that it would never appear in print."

I am paid one hundred and fitly 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. (Quoted by T. St John Gaffney in Breaking The Silence, p. 4.)

That was the US press in 1953. It is the mass media of America today. Press control and, later, electronic media (radio and TV) control were 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 stories, are controlled by the Money Changers.

Representative Callaway discussed some of this press control in the Congressional Record (vol. 54, 9 February 1917, p. 2947):

"In March I9I5, the J. P. Morgan interests, the steel, shipbuilding and powder interests and their subsidiary organizations, got together12 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 employed 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.

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 and 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 Disney's purchase of ABC).

Only 50 cities in America now have more than one daily paper, and the same group often owns them. Only about 25 percent 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, anchor persons and other trivia, projecting a sense of objectivity that belies the uniform underlying bank ownership and editorial control. . This accounts for the total blackout on news coverage and investigative reporting on banker control of the country.

Nevertheless, throughout US 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 whom 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 ironclad 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, those few who are not part of the problem, need to understand 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. Its the same solution proposed at different points in US history by men like Benjamin Franklin, Thomas Jefferson, Andrew Jackson, Martin van Buren, Abraham Lincoln, William Jennings Bryan, Henry Ford, Thomas Edison, and numerous congressmen and economists.

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 across the Atlantics.

THE MONEY CHANGERS IN JERUSALEM

Just who are these **Money Changers** to whom James Madison referred? The Bible tells us that, 2,000 years ago, Jesus Christ twice drove the Money Changers from the Temple in Jerusalem.

Apart from when the Temple Guards were forced to the ground in the Garden of Gethsemane, 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. This was a half-ounce of pure silver, about the size of a quarter. It was the only coin 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 only coin acceptable to God. But these coins were not plentiful. The Money Changers had cornered the market on them; then they raised the price – just as with any other monopolized commodity — to whatever the market would bear.

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

MONEY CHANGING IN THE ROMAN EMPIRE

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

Two early Roman emperors had tried to diminish the power of the Money Changers by reforming usury laws and limiting land ownership to 500 acres. Both were assassinated.

In 48 BC, Julius Caesar took back from the Money Changers the power to coin money and then minted coins for the benefit of all. With this new, plentiful supply of money, he built great public works. By making money plentiful, Caesar won the love of the common people. 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. Eventually the Roman money supply was reduced by 90 per cent.

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 and homes.

THE GOLDSMITHS OF MEDIEVAL ENGLAND

The Chinese were the first to use paper money, known as "flying money" (a kind of banker's draft), in AD 618-907. In about AD 1000, 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 in 1024 by the Song dynasty, which then issued the first government paper money.

About that same time, Money Changers — those who exchange, cumulate 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 to keep other people gold for safekeeping in their safe rooms, or vaults.

The first "paper" money in Western Europe was merely a receipt for gold left with the goldsmith, 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 unnecessary trips 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 to the bearer, rather than to the individual depositor, making it 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 depositors or bearers ever came in and demanded their gold at one time. Goldsmiths started cheating on the system. They begun secretly lending out some of the gold that had been given to them for safekeeping, and keeping the interest earned on lending.

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

The goldsmiths began with relatively modest cheating, lending out in gold deposit certificates only two or three times the amount of gold than they actually had in their safe rooms. But they soon grew more confident and greedy, lending out four, five and 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 lend 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, coupled with an unjust and unreasonable delegation of sovereign government function money creation — to private banks.

Today, this practice of lending out more money than there are reserves is known as "fractional reserve banking". In other words, banks have on hand only a small fraction of the reserves needed to honour their obligations.

Should all their account holders come in and demand cash, the banks would run out before even three percent had been paid. That is why banks always live in dreadful fear of "bank runs". This is the fundamental cause of the inherent instability in banking, stock markets and national economics.

The banks in the United States are allowed to lend out at least ten times more money than they actually have. That's why they do so well on charging, let's say, 8 per cent interest. But it's not really 8 per cent per year that is their interest income on money the government issues; it's 80 per cent.

That's why bank buildings are always the largest in town. Every bank is, de facto, a private mint (over 10,000 in the US), issuing money as loans, for nothing, at no cost to them except whatever interest they pay depositors.

Rather than issue more gold certificates then 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 modem 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 per cent (i.e. fractional) reserve requirement, the bank need keep only $l,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 per cent ($900) in reserve but may lend out the other $8,100. This $8,100 is in turn deposited in banks, which must keep 10 per cent ($810) in reserve but 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, giving rise (in roughly 20 repeated stages) to an expansion of $90,000 in new loans in addition to the $l 0,000 in reserves.

In other words, the banking system, collectively, multiplies the $10,000 created by the Fed by a factor of ten. However, less than one per cent of the banks create over 75 per cent of this money. In other words, a handful of the largest Wall Street banks creates money as loans, literally by the hundred billion, charging interest on these loans and leaving crumbs for the rest of the banks to create. But because those crumbs represent billions, too, the lesser bankers rarely grumble. Rather, with rare exceptions, they, too, support this corrupt system.

In actual practice, due to numerous exceptions to the 10 per cent reserve requirement, the banking system multiplies the Fed's money creation by several magnitudes over ten times.

To return to the goldsmiths… They also discovered that "rowing" the economy between easy money and tight money could make extra profits.

When they made money easier to borrow, then the amount of money in circulation expanded. Money was plentiful, and people took out more loans to expand their businesses. But then the goldsmiths would tighten the money supply and make loans more difficult to obtain.

The same thing is still going on today, only now we call this up-and-down rowing of the economy, the "business cycle", or, more recently in the stock markets, "corrections".

TALLY STICKS

King Henry I, son of William the Conqueror, ascended the English throne in AD 1100. At that time, long before the invention of the printing press, taxes were generally paid in kind, Ie., in goods, based on the productive capacity of the land under the care of the taxpaying 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" or "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, and could be compared for accuracy by reuniting the pieces. Henry 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 were paid twice a year. 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 evidenced the first payment, made at Easter.

These were presented at Michaelmas with the balance of taxes then due.

It takes only a little imagination to arrive at the next step: for tallies to be issued by the government in advance of taxes being paid, in order to raise funds 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 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 paper tallies the full equivalent of the paper banknote money issued by the Bank of England beginning in 1694. By 1697, tallies, bank notes and bank bills 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? Its really just paper. But hem's the wick. King Henry VIII ordered that tally sticks he used to evidence tax payments received by the government. This built in the demand for tallies and eventually made them circulate and be accepted as money. And they worked well. In fact, no other money worked for so long as in the British Empire.

In the 1500s, 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 Queen Elizabeth I, Mary's half-sister, took the throne in 1558, 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 away control over the money supply from the Money Changers.

Although control over money was not the only cause of the English Revolution in 1642 (religious differences also fuelled the conflict), monetary policy played a major role. Financed by the Money Changers, Oliver Cromwell finally overthrew King Charles I (Stuart), 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. In the centre of London they took over a square mile of property, known as "the City". Today, this semi-sovereign area is still one of the two pre-dominant financial centres of the world (with Wall Street, New York City).

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 its 20 June 1934 issue, New Britain magazine of London cited a devastating assertion by former British Prime Minister David Lloyd George, that "Britain 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 money powers" and pointed out that "questions regarding Bank of England, its conduct and its objects, are not allowed by the Speaker" (of the House of Commons).

THE BANK OF ENGLAND

By the end of the 1600s, England was in financial ruin. Fifty years of more or less continuous 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 of nothing — as loans.

The Bank of England was to be the modem world's first privately owned, national central bank in a powerful country, though earlier deposit banks had existed in Venice from 1361, in Amsterdam from 1609 and in Sweden from 1661 — where the first bank notes in Europe were issued that same year.

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 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 lending out several times the money it supposedly had in reserves, all at interest. In exchange the new bank would lend 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 amounted to nothing less than legalized counterfeiting 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 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.

In 1770, Sir William Pitt, speaking to the House of Lords, said:

"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 21 November 1933, US President Franklin D. Roosevelt wrote in a letter to a confidant:

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

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 rise tax to pay. But about 10 per cent 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 loans. This provides the economy with the additional money needed to purchase the other 90 per cent 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 out the inflationary effects over the term of the bonds. Thus, there is little or no immediate inflation. More money in circulation makes your money worth less. The politicians get as much money as they do 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 inflation 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 one-and-a-quarter-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 the grip of the Money Changers, 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.

THE RISE OF THE ROTHSCHILDS

This is Frankfurt, Germany. Fifty years after the Bank of England opened its doors, a goldsmith named Amschel Moses Bauer opened a coin shop — a counting house — in 1743, and over the door, he placed a 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, Mayer Amschel Bauer, inherited the business, he decided to change his name to Rothschild. Mayer Rothschild soon learned that lending money to governments and kings was more profitable than lending to private individuals. Not only were the loans bigger, but they were secured by the nation's taxes.

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

Mayer's first son, Amschel, stayed in Frankfurt to mind the home town bank. His second son, Salomon, was sent to Vienna. His third son, Nathan, was clearly the most clever; he was 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.

In 1785, Mayer moved his entire family to a larger house, a five-store dwelling he shared with the Schiff family. This house was known as the Green Shield house. The Rothschilds and the Schiffs would play a central role in the rest of European financial history and in that of 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 fact, the wealthiest monarch in all of Europe — Prince William of Hesse. At first, the Rothschilds were only helping William speculate in precious coins. However, when Napoleon chased Prince William into exile, William sent .550,000 (a gigantic sum at that time, equivalent to many millions of today's US dollars) to Nathan Rothschild in London with instructions to buy consols — British Government bonds or 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 some time 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 eight per cent 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 brag later that in the 17 years he had been in England he had increased his original .20,000 stake given to him by his father by 2,500 times, i.e., to .50,000,000 — a truly vast sum at that time, comparable in purchasing power to billions of US dollars today.

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

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

Austrian Prince Mettemich'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 wealthiest family in the world. A large part of the profligate nobility of Europe became deeply indebted to them.

By virtue of their presence in five nations as bankers, the Rothschilds 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 they were shielded from government seizure, penalty, pressure or taxation, effectively making any national investigation 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.

It was precisely their international character that gave the Rothschild banks 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 multinational 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 Rothschilds' economic and political power.

They financed Cecil Rhodes, making it possible for him to establish a monopoly over the gold fields of South Africa and DeBeers 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 the formation of Standard Oil.

Jacob Schiff, who had been born in the Rothschild Green Shield house in Frankfurt and who was then the principal Rothschild agent in the US, advised Rockefeller and developed the infamous rebate deal which 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 per cent of all US 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. Mayer Amschel had established James in Paris in 1812, with capital of $200,000. At the time of his death in 1868, fifty-six years later, his annual income was $40,000,000. No fortune in America at that time equalled even one year of James' income.

Referring to James Rothschild, the poet Heinrich Heine said:

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

James built his fabulous mansion, called Ferrilres, 19 miles north-east of Paris. Wilhelm I, on first seeing it, exclaimed:

"Kings couldn't afford this. It could only belong to a Rothschild!"

Another 19th century French commentator put it this way:

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

There is no evidence that the Rothschilds' 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 that the Rothschilds had:

"…conquered the world more thoroughly, more cunningly, and much more lastingly than all the Caesars before…"

THE AMERICAN REVOLUTION

Now let's take a look at the results the Bank of England produced on the British economy and how, later, this was the root cause of 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 been high. To finance these wars the British Parliament, rather than issuing its own debt-free currency, had borrowed heavily from the bank.

By the mid-1700s, the British Government's debt amounted to .140,000,000 — a staggering sum for those days. Consequently, the 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 had printed its own paper money — the first in America — and 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, but 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, and the rich for one-tenth its value seized property on foreclosure.

Benjamin Franklin was a big supporter of the 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, more American colonies ignored Parliament and began to issue their own money, called "colonial scrip". The endeavour was successful, with notable exceptions. Colonial scrip provided a reliable medium of exchange and it also helped 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 newfound 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 industry 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.

Therefore, 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 onto 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 concluding with the subsequent peace deal, the Treaty of Paris, in 1783.

For those who believe that a gold standard is the answer for America's current monetary problems, look what happened to America after the Currency Act of 1764 was passed. In his autobiography, Franklin wrote:

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

Franklin claims that this was even the basic cause of 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 every instrument of commerce, indicating payment of tax in gold — which again threatened the colonial paper money. Less than two weeks later, the Massachusetts Committee of Safety passed a resolution directing the issuance of more colonial currency and honouring the currency of other Colonies. On 10 and 22 June 1775, the Congress of the Colonies resolved to issue $2 million in paper money based on the credit and faith of the "United Colonies". This flew in 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.

As Alexander Del Mar, historian, wrote in 1895:

"Thus the bills of credit [i.e., money] which historians with ignorance or prejudice have belittled as instruments of reckless financial policy were really the standards of the Revolution. They were more than this: they were the Revolution itself."

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

At the start of the Revolution, the American colonial money supply stood at $12 million. By the end of the war, it was nearly $500 million. This was partly a result of massive British counterfeiting. Consequently, the currency was virtually worthless. Shoes sold for 55,000 a pair.

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 same currency had worked so well 20 years earlier during times of peace that the Bank of England had Parliament outlaw it, and during the war the British deliberately sought to undermine it by counterfeiting it in England and shipping it "by the bale" to the colonies.

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 the hope that this would help.

Incidentally, Morris was a wealthy man who had grown wealthier during the Revolution by trading in war materials. The new bank, the Bank of North America, was closely modelled on the Bank of England. It was allowed to practice (or rather, it was not prohibited from practicing) 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, and, of course, it was 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 — gold, which had been lent to America by France. He then lent this money to himself and his friends to 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. 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 was a patriot named William Findley, from Pennsylvania.

He 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 favour, and the administration of justice will favour the rich only.

The men behind the Bank of North America — Alexander Hamilton, Robert Morris, 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, the First Bank of the United States, through the new Congress. Thomas Willing again served as the bank's president. The players were the same, only the name of the bank was changed.

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 grow up around them will deprive the people of all property until their children wake up homeless on the continent their fathers conquered."

Many believed that 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 unconstitutional, since the power to issue paper money was 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 paper money creation. Indeed, the Journal of the Convention for 16 August reads as follows:

It was moved and seconded to strike out the 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 for 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 arguably would 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 for the people (including legal persons, such as incorporated banks).

THE 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 Mayer Rothschild made his pronouncement from his flagship bank in Frankfurt:

"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, despite Washington's reservations and 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, Hamilton had written a letter, saying:

"A national debt, if it is not excessive, will be to us a national blessing."

A "blessing" to whom?

After a year of intense debate, in 1791 Congress passed Hamilton's bank bill and gave it a 20 year charter. The new bank was to be called the First Bank of the United States, or FBUS. Thus the Third American Bank War began.

The First Bank of the United States was headquartered in Philadelphia. The bank was given authority to print currency and make loans based on fractional reserves, although private investors would hold 80 per cent of its stock. The other 20 per cent would be purchased by the US 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 per cent 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 US Government put up its 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.

As with the Bank of England, the name of bank — the Bank of the United States — was deliberately chosen to hide the fact that it was privately controlled. And, as in the case of the Bank of England, the names of the investors in the bank were never revealed.

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 US Government borrowed $8.2 million from the First Bank of the United States. In that period, prices rose by 72 per cent.

Jefferson, 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 borrowing."

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 to issue itself, without debt.

Now we know why some liberals always scream: "we don't want government control, we don't want governments to be involved".

So, although it was called the First Bank of the United States, was not the first attempt at a privately owned central bank in the US.

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 lent 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.

NAPOLEON'S RISE TO POWER IN FRANCE

Next, 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.

In Paris in 1800, the Bank of France was organized, along similar lines to the Bank of England. But Napoleon decided France had to break free of debt.

He never trusted the Bank of France, even when he put some of his own relatives on the governing board.

Napoleon 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 US 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 in gold, 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, thirty years old Nathan Rothschild — the head of the London office of the Rothschild family — personally took charge of a bold plan to smuggle a much-needed shipment of gold right through France to finance an attack from Spain by Britain's Duke of Wellington.

Nathan later bragged at a dinner party in London that it was the best business he'd ever done. He made money on each step of the shipment. Little did he know then that he would do much better business in the near future.

Wellington's attacks from the south, and other defeats, eventually forced Napoleon to abdicate. Louis XVIII was crowned King and Napoleon was exiled from France to Elba, a tiny island off the coast of Italy, supposedly for ever.

DEMISE OF THE FIRST BANK OF THE U.S.

While Napoleon was in exile, temporarily defeated by England with the financial help of the Rothschilds, America was trying to break free of its central bank as well. 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 again in America.

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 that Madison was a staunch opponent of the bank. His Vice President, George Clinton, broke a tie in the Senate and sent the First Bank of the United States — the second privately owned central bank based in America — into oblivion. Thus, the Third American Bank War, lasting 20 years, ended in defeat for the Money Changers.

Within five months, as Rothschild was said to have predicated, England attacked the United States and the War of 1812 was on.

But the British were still busy fighting Napoleon, and so the War of 1812 ended in a draw in 1814. It is interesting to note that, during this war, the US Treasury printed some government paper money, not bearing interest, to fund the war effort — an act 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 in a fourth private central bank, bigger and stronger than before.

THE BATTLE OF WATERLOO, 1815

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, Napoleon escaped his exile and resumed 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 in to exile and Napoleon again ascended the French throne — this time without a shot being fired.

In March 1815, Napoleon equipped an army which Britain' Duke of Wellington defeated less than 90 days later at Waterloo.

He borrowed five million pounds from the Ouvard banking house in Paris in order to re-arm.

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 and greatest debt generator of them all. A nation will borrow any amount for victory. The ultimate loser is lent jut enough to hold out the vain hope of victory, and the ultimate winner is given enough to win. Besides, such loans are usually conditional upon the guarantee that the victor will honour the debts of the vanquished. Only the bankers cannot lose.

The site of the Waterloo battlefield is about 200 miles north-east of Paris, in what today is Belgium. There, Napoleon suffered his final defeat, but not before thousands of Frenchmen and Englishmen gave their lives on a steamy summer day in June 1815.

On that day, 18 June, 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. The Rothschilds hotly dispute the following account.

Rothschild stationed a trustee agent, a man named Rothworth, on the north side of the battlefield, closer to the English Channel. Once the battle had been decided, Rothwortt took off for the Channel. He delivered the news to Nathan Rothschild 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 must have been 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 Rothschild's grandson had attempted to secure a court order to suppress a book containing this stock market story. The Rothschild family claimed the story was untrue and libellous, 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.)

Intermarriage with the Montefiores, Cohens and Goldsmiths — banking families established in 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 of the Bank of England (the first privately owned central bank in a major European nation, and the wealthiest) in this manner, 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, Sachs' 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 per cent greater then than now. Despite this overwhelming wealth, the family has generally cultivated an aura of invisibility. Although the family controls scores of banking, industrial, 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 the 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.

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