"Summary Excerpt for the book: THE CREATURE FROM JEKYLL ISLAND"

We move now to a discussion of the agencies which are more directly the initiators of the frightful world events which so distress us, as compared to the institutions described in the previous chapter which are devoted to a long-term educational effort to socialize both our personal outlooks and our political institutions. The agencies to be discussed in this chapter are the world's central banks, but more specifically, America's own Federal Reserve System.

Many books have been written about the Federal Reserve, but Griffin's is a new one and, in my opinion, by far the best. Further, of all the books reviewed in this, our own book, Griffin's is the one we most urgently suggest you acquire and absorb, since corrective actions on our part will otherwise most surely be misdirected and ineffective over the long term. Griffin organizes his book into six parts. First is a section describing how and where the banking elites secretly met and agreed to push for the formation of a central bank, what their real motivations were as opposed to what their public pronouncements were, and to what extent those secret purposes were in fact accomplished over the next eighty years or so. The second section deals with the technical aspects of how banking, and in particular central banking, works. It's a little complex, but not at all beyond the capabilities of reasonably ordinary mortals. It is mandatory foundation material for those who would represent us in political arenas. The third section discusses how the first central bank, the Bank of England, was formed to finance a war, and how central banks since then have utilized and promoted wars for their own profit, starting with the Rothschild involvement with the Napoleonic wars, and continuing up to the present day the use of that same "Rothschild Formula." The fourth section outlines the three encounters prior to the Federal Reserve that America has had with fiat currency systems, and why we managed to resist such a system for so long. The fifth section describes the ties between the London and the American financial elites, how the American political system was subverted and the Congress hornswoggled into passing the Federal Reserve System, and some illuminating detail about the immediately following financial roller coaster of the roaring twenties expansion and the stock market crash and great depression. The sixth and last section devotes itself to looking into the future concerning what the elites have in store for us, and what we might be able to do to avoid that scenario and build one of our own.

The banking conspirators met secretly for nine days in November of 1910 at a vacation estate belonging to J.P. Morgan on Jekyll Island, off the coast of Georgia. The participants were, as identified by Griffin (p. 5):

"1. Nelson W. Aldrich, Republican 'whip' of the Senate, Chairman of the National Monetary Commission, business associate of J.P. Morgan, father-in-law to John D. Rockefeller, Jr.;

2. Abraham Piatt Andrew, Assistant Secretary of the U.S. Treasury;

3. Frank A. Vanderlip, president of the National City Bank of New York, the most powerful of the banks at that time, representing William Rockefeller and the international investment banking house of Kuhn, Loeb & Company;

4. Henry P. Davison, senior partner of the J.P. Morgan Company;

5. Charles D. Norton, president of J.P. Morgan's First National Bank of New York;

6. Benjamin Strong, head of J.P. Morgan's Bankers Trust Company; and

7. Paul M. Warburg, a partner of Kuhn, Loeb & Company, a representative of the Rothschild banking dynasty in England and France, and brother of Max Warburg, who was head of the Warburg banking consortium in Germany and the Netherlands."

The representation thus included the banking houses of Morgan, Rockefeller, Rothschild, Warburg, and Kuhn-Loeb, representing around one-fourth of the total wealth of the entire world. Griffin presents evidence showing that the intellectual leader of the group, indeed, the "cartel's mastermind," was Paul Warburg, the "Daddy Warbucks" of the Little Orphan Annie comic strip. Representing the Rothschilds of Europe, he was the only one of the Jekyll Island conferees with expert knowledge on the construction, policies, and mechanics of the European central banks.

A brief statement of their purpose, Griffin says, was to form a cartel aimed at increasing profits by reducing competition, and with the policies of the cartel enforced by the police power of the government. The solution, the participants knew, was to create a copy of the European model of a central bank. The problems which led them to consider this were that their big-city banks were rapidly losing business to the many smaller country banks being formed around the interior of the country, and also to corporations financing their growth out of profits rather than the relatively high-interest banking loans. The cartel structure would permit pooling the reserves of the big banks (i.e., those included in the cartel), thereby permitting them to safely make loans at a higher multiple of their metallic assets without instigating bank runs, in turn permitting them to make lower-interest loans than their smaller competitors. But considering the other things that such a cartel was also capable of, the conspirators in the end came to an agreement having five objectives:

1. Reduce the growing competition from the smaller banks.

2. Make the money supply more "elastic" by making loans less dependent upon gold reserves, i.e., permitting money for a loan to be created out of nothing, and therefore at lower interest rates.

3. Pool and control member bank reserves to reduce the risk of bank runs on a member bank guilty of reckless lending.

4. Get Congress to agree to bail out member banks (with taxpayer funds, of course) if major losses did nevertheless occur.

5. In order to get the scheme through Congress, convince Congress and the public that the objectives of the system were only to lower interest rates, better fund industrial growth, and protect the public by eliminating boom-and-bust economic cycles and bank runs brought on by irresponsible private banking.

Succeeding years showed the economy to be anything but stabilized, whereas the secret purposes of the Federal Reserve were all very successfully realized. The system, says Griffin (p. 21), "is incapable of achieving its stated objectives" because those objectives "never were its true objectives." In actuality, the Fed "is merely a cartel with a government facade," and whenever its interests run up against the interests of the taxpaying public, "the public will be sacrificed."

Griffin next considers how well the system has been able to meet the fourth of the true objectives listed above. Here are the steps that a member bank may now take to protect itself from losses due to nonperforming loans:

1. If a major borrower (like a South American country) can't manage to repay its loan principal when it becomes due, the bank (let's pretend for a moment that you are the banker) will happily roll over the loan, i.e., re-loan the owed amount to pay off the old loan, and keep the interest flowing in from the new. (The United States has been doing this for years.)

2. When the borrower becomes unable even to pay the interest on his loan, make him a new loan to supply him with the money needed to pay the interest on both the old loan and the current new loan.

3. When he again figures out that he can't pay, make him another new loan, but this time sweetened by adding additional money beyond that needed for all the interest payments, so he will be able to spend some new money on himself, like for projects which will earn some money to get him out of his financial jam.

4. When next he realizes that taking on new debt to pay off old debt is a losing strategy, and he still can't pay but doesn't want to take on more debt, offer to extend his debt for a longer period, and therefore with lower periodic payments. The loan thereby will remain "performing" for a little longer.

5. When he soon thereafter finds that he can't make even these lowered payments, and starts to call you dirty names, go to Congress and let those folks know that it is in the best interests of the country (for lots of reasons you can come up with) for Congress to supply the needed money. The taxpayers need not be asked about it, since the money can be created out of nothing by the Fed, and the public will never know why the prices they have to pay for everything somehow have gone up a little bit more.

6. If the above ploy doesn't work, you may well be able to get Congress to guarantee payment to you if your borrower defaults, and then likely use conduits such as the World Bank and the IMF to deliver subsidies, development loans, foreign aid, etc., directly to your distressed borrower to assure that he avoids default, i.e., keeps making payments to you. Our generous taxpayers have a hard time keeping track of all these details.

7. If you can't get Congress to help, you still have a chance with the Fed. Go to them and ask them, as the lender of last resort, to bail you out. Since they can create as much money as anyone will ever need out of nothing at all, they will be happy to accommodate you, provided they can see some hope for your ultimate survival. But if you're not a TBTF bank (Too Big To Fail), they'll probably say, "Don't call us; we'll call you."

8. If all of the above ultimately fails, and you see that your bad loans are about to sink you, you and your management friends should sell your stock before the public and the other stockholders find out about it, and then declare bankruptcy. The FDIC will be there to pay your depositors' losses, and if the FDIC runs out of money, the Congress will, out of fear of the consequences, resupply the FDIC with the needed funds, created of course by the Federal Reserve out of nothing. The taxpayers still won't have figured out why prices for everything seem to continue going up.

Griffin then devotes an entire chapter to illustrating how these principles have been applied over the years, by detailing the bailout maneuvers involving, as debtors, the Penn Central Railroad, the Lockheed Corporation, New York City, and the Chrysler Corporation, and then involving, as bankrupt banks, the Unity Bank and Trust Company of Boston, the Commonwealth Bank of Detroit, the First Pennsylvania Bank of Philadelphia, and the Continental Illinois Bank of Chicago, the last two being TBTF banks. In each case, in one way or another, the taxpayers ended up paying for the losses, justifying Griffin's characterization of the Fed's real objective, which was not to protect the public, but rather to sacrifice the public to the interests of the banking cartel.

Griffin goes next to the S&L bailout, which piled an unprecedented additional financial debt on our bewildered public. Whereas Fed chairman Alan Greenspan recently estimated that total bailout costs would run to $500 billion (p. 76), Griffin himself estimates that, including additional taxes and inflation, the total cost will be over one trillion dollars (p. 84). Even the $500 billion is a monster figure, which Congress and the Federal Reserve were successful in loading onto a relatively uncomplaining public because of its ignorance about how big debts can be secretly financed via inflating the currency. A few of the defining milestones in the S&L fiasco were:

1. Following the stock market crash of 1929, the Fed's instigation of which will shortly be discussed, the Federal Savings and Loan Insurance Corporation (FSLIC) was created to insure depositors against losses, thereby relieving S&L managers of the burden of being careful to protect their depositors' money.

2. The Federal Housing Authority (FHA) was then created to subsidize home loans, thereby permitting S&L's to make loans at under-market interest rates.

3. The Federal Reserve then issued regulations requiring that interest rates offered by banks to depositors must be lower than corresponding S&L rates, thereby causing money to stream from banks to S&L's.

4. Years later, another unexpected financial jolt occurred, this time involving the Fed raising interest rates in 1979 to as high as 20% in order to stop the world from dumping the now purely fiat dollars to buy gold, which was then on the way up to $800 per ounce. (See our review of "A Century of War" by Engdahl.)

5. The high interest rates in the following decade, which only slowly abated following the "gold shock," drove S&L depositor interest much higher than the long-term interest return on existing mortgages, sealing the financial doom of the S&L industry. However, since deposits were guaranteed, depositors flocked to the S&L's to take advantage of the safe, high interest that the government effectively made available.

6. With FSLIC money nowhere near that required to pay S&L depositors if massive bankruptcies were declared, FSLIC reversed the requirement that S&L loans be restricted to home mortgages, and encouraged S&L's to lend to all comers, at risky high interest rates, to attempt to "save themselves." The shady operators then emerged from the woodwork, and lots of them got rich on building projects which were riddled with fraud.

7. The S&L's then started failing en masse, but failures were, for a time, covered up by Congress and the regulators, which let the S&L's use phony accounting practices to make their books show that they were still solvent.

8. When the above game was finally up, FSLIC was abolished, and a new agency reporting to the FDIC was created to oversee the liquidation of the failed S&L's. The necessary taxpayer funds were of course appropriated by a much abashed Congress, contributing mightily to the historically high deficits of the 80's. The high interest rates during these years permitted the deficits to be largely funded by selling bonds to the public, however, with little additional funds required from the Fed, so that price inflation was kept reasonably under control during this period.

Griffin describes (p. 83) what the S&L system had become as "a cartel within a cartel," the outer cartel being the Federal Reserve System, which ultimately funded the inner cartel of S&L's. Whereas the Federal Reserve System was put together by bankers with 200 years of successful cartel operating experience, the S&L system was amateurishly put together by committees of socialist interns in our own Congress, who perhaps truly believed that they could manage things better than the free market. The failure of that effort is surely one of the things that has brought about the recent change of heart that we see evidence of in our current (1995-1996) Congress.

Griffin goes next to describing how the bailout game is played with third-world countries (and U.S. taxpayers) being the victims. The operative agencies set in place to play the game were the International Monetary Fund (IMF), which was to act as a sort of World Federal Reserve System, and the World Bank, which was to act as the IMF's lending agency to the world.

The IMF and the World Bank were created in July 1944 at a UN-sponsored monetary conference in Bretton Woods, New Hampshire. Griffin observes (p. 87): "The theoreticians who drafted this plan were the well-known Fabian Socialist from England, John Maynard Keynes, and the Assistant Secretary of the U.S. Treasury, Harry Dexter White." White, who became the first Executive Director for the U.S. at the IMF, was also a member of the CFR, and, as was later shown, a member of a communist espionage ring in Washington. Being intellectually led by a Fabian Socialist and a Communist, who differed only in how the world was to be socialized, it isn't surprising that the Bretton Woods conference produced agencies which have in fact been highly active in bringing about world socialism.

Whereas the announced plan of the Bretton Woods system was to help rebuild the war-torn world and to promote the economic growth of underdeveloped countries, the real goals of the IMF and the World Bank, as Griffin convincingly demonstrates, were to:

1. Separate the dollar from gold backing, and reduce the economic dominance of both the dollar and gold around the world.

2. Replace the dollar and all other currencies with a world currency which the IMF, acting as the world's central bank, would create out of nothing.

3. Socialize the countries of the world, one by one, by transferring money to their governments to be used for governmental aggrandizement, producing the simultaneous destruction of individual independence and free enterprise.

The dollar was separated from gold by spreading dollars around the world in post-war rebuilding, and then in post-war war-making, while keeping the price of gold at $35 per ounce, which became much lower than its market value. Foreign dollar holders finally began a "run" on America's gold, and Nixon, in 1971, seeing that it was probably better to have some gold remaining rather than none at all, "closed the gold window," i.e., defaulted on America's promise to foreign holders to redeem their dollars in gold. (He could have performed a lesser default by keeping the gold backing, but setting its price closer to its then-current market value, about $400 per ounce). Dollars could now be spread around the world with much greater abandon, and they were. Griffin discusses our burgeoning trade deficits, and the progressive weakening of the dollar as perceived around the world. A good part of Objective #1 listed above has already been accomplished.

The IMF has been working diligently on Objective #2, creating a piece of paper called a "Special Drawing Right," or SDR. It doesn't yet have the backing of a negotiable government bond, as a Federal Reserve Note has, and so is lacking the status of the FRN or of any other major national currency. It is a start, however, and has as its backing a "credit," which is a promise by an IMF member nation that it will tax its citizens and come up with the amount of the "credit" when and if the IMF needs it.

Concerning Objective #3, the world elites are proceeding apace, not waiting for the development and acceptance of usable SDR's, but utilizing as many dollars, pounds, francs, marks, and yen as they are able to get individual countries to donate to the IMF, or to supply to the World Bank for them to "invest." To repeat, those "investments" are not to promote capital-building enterprises, but the opposite. (In World Bank Newspeak, a "Sectoral Loan" is one for a specific socialistic project, such as a government hydro-electric project, a government oil refinery, a government lumber mill, or a government steel mill. On the other hand, a "Structural-Adjustment Loan" requires that certain structural changes be made in order to get the money, such as the government assuming price-control or wage-control power, so that it can hold down or otherwise manipulate prices or wages.) The economic plights of Argentina, Brazil, and Mexico under the

advancing onslaught of such socialization financed by the World Bank and other world elites are described in some detail.

In addition, Griffin describes many of the supported activities by despotic rulers, such as the genocidal relocation plans and other inhumanities of brutal dictators in countries such as Tanzania, Zimbabwe, Ethiopia, Laos, Syria, and lots more. These various efforts of the IMF/World Bank to socialize the Third World could not exist without its flow of American dollars, supplied ultimately by the Federal Reserve. The role of the Fed in supporting anti-democratic regimes around the world is one of the several reasons that the Fed should be abolished, says Griffin, since "It is an instrument of totalitarianism." (p. 101)

Griffin then completes his description of the "bailout" game, and simultaneously answers the question as to the purpose served by socializing the various countries of the world, as listed above as purpose #3 of the Bretton Woods system. In a few words, that ultimate purpose is to create a world government ruled by the banking elites, using the United Nations as the core of a political structure and the IMF as the world central bank, issuing and controlling the world's only important currency. That picture is entirely consistent with the allegations made by Carroll Quigley (cf. our Chapter 2) as to the ultimate purposes of the banking elites, but Griffin, in his development, relies on more recent evidence. The picture which he paints is as follows:

The elites understand that they will never be able to consolidate and hold their power by means of a gradualist program unless and until they are able to complete Purpose #2 listed above, i.e., make the IMF the sole issuer of the world's only important currency. Individual countries can then easily be turned into vassal states dependent upon UN/IMF dictates. The big problem is that strong, independent countries with their own currencies, histories, and nationalist prides are not likely to succumb easily, and exhortations, trickery, and any other pressure which works may fairly be used to produce the desired result. Griffin quotes Harvard professor Richard Cooper, a CFR member and Under Secretary of State for Economic Affairs in the Carter administration, writing in 1984 in the CFR's house organ Foreign Affairs:

"I suggest a radical alternative scheme for the next century: the creation of a common currency for all the industrial democracies, with a common monetary policy and a joint Bank of Issue to determine that monetary policy.... How can independent states accomplish that? They need to turn over the determination of monetary policy to a supranational body....
It is highly doubtful whether the American public, to take just one example, could ever accept that countries with oppressive autocratic regimes should vote on the monetary policy that would affect monetary conditions in the United States.... For such a bold step to work at all, it presupposes a certain convergence of political values...."

The drive to "convergence" noted above of course leads us to recall from our Chapter 4 the words of Rowan Gaither, the president of the Ford Foundation, directed to Norman Dodd, the Research Director of the Reece Committee, saying that secret White House directives to the Ford Foundation and to its various predecessors were to the effect that "we should make every effort to so alter life in the United States as to make possible a comfortable merger with the Soviet Union."

Griffin quotes John Foster Dulles, in 1939: "Some dilution or leveling off of the sovereignty system as it prevails in the world today must take place ... to the immediate disadvantage of those nations which now possess the preponderance of power.... The establishment of a common money ... would deprive our government of exclusive control over a national money.... The United States must be prepared to make sacrifices afterward in setting up a world politico-economic order which would level off inequalities of economic opportunity with respect to nations."

Next is Zbigniew Brzezinski, in 1970: "... some international cooperation has already been achieved, but further progress will require greater American sacrifices. More intensive efforts to shape a new world monetary structure will have to be undertaken, with some consequent risk to the present relatively favorable American position."

Then Carter advisor Richard Gardener, in 1974: "In short, the 'house of world order' will have to be built from the bottom up.... An end run around national sovereignty, eroding it piece by piece, will accomplish much more than the old-fashioned frontal assault."

And finally, Paul Volcker, in 1979: "The standard of living of the average American has to decline.... I don't think you can escape that."

Griffin has much more, but how much convincing does one need? The gist of the game of bailout is to simultaneously (1) deliver into the clutches of the New World Order both the Third World countries, whose leaders are to be the recipients of riches from the taxpayers of the developed countries, riches that they are expected to squander and never pay back, but thereby remain in thrall to the bankers forever, and (2) drag down the economies and comforts of the strong countries to the point, for example, of economic collapse and a breakdown in civil order, perhaps exacerbated by widespread "terrorist" bombings, following which the countries' citizens will be grateful to yield their sovereignty and receive in return the support, acceptance, and protection of an economically and militarily strong central organization claiming to be ready and able to provide such support. Such a capitulation might be made easier to accept if it could be previously arranged for Russia to disappear as an external threat, and to appear to be in just as much economic and social difficulty as the United States.

Griffin reviews the bailout activities of several of the major Third World countries to see how the blueprint which he has outlined fits those individual actions. It fits. He throws in for good measure a discussion of the recent creations of NAFTA and the World Trade Organization, and shows how they fit into the effort to chip away at sovereignty, "eroding it piece by piece." He quotes a description of the WTO appearing in a full-page ad in the New York Times taken out by its originators: "The World Trade Organization – the third pillar of the New World Order, along with the United Nations and the International Monetary Fund."

Another development that few are aware of is that Congress granted to the Fed a major new power in the Monetary Control Act of 1980, giving it the power to "monetize foreign debt." This means that the Fed could henceforth create new Federal Reserve Notes and give them away to foreign governments, or, to be formal, "loan" them, receiving as collateral debt instruments (bonds, etc.) held by those foreign governments. With the power to create dollars not only for the American governments, but now for any foreign government as well, the Fed has become very close to becoming a central bank for the entire world.

Another major development in very recent years has been the large-scale extension of funding by the same "bailout" routes to China, to Russia and its previous component states, and to Russia's previous client states in Eastern Europe. Griffin makes a case for the view that the sudden demise of "Communism" is a ploy agreed upon between the banking elites and the Soviet leaders to enable bailout funds to flow to those states, further eroding the American economy, while terminating, at least for now, the militarily threatening posture of the USSR. The communist leaders would mostly remain in power, though renamed Social Democrats, or something similar. They and the elites would continue to work together for one socialist world.

Griffin's case is logical, with lots of evidence, but all circumstantial. (It would be nice to have another insider confession, like that of Carroll Quigley's.) Recalling Cleon Skousen's suggested relationship between the totalitarian leaders and the

elites, it may be that the elites are simply taking the risk that the Communists, who insist that all power emerges from the barrel of a gun, can in the long run be controlled by the power of money. The Communists, on the other hand, may still believe that they can have both the capitalists' money for now, and also all their property and lives later on.

You, the reader, may perceive a more satisfactory outcome. Whereas we all may have viewed the Third World's indebtedness and socialization as just one of the many bad problems around the world, and our own loss of economic vigor an independent but very troubling and puzzling problem, Griffin has tied them together and defined why both are happening, to the great discomfort of both U.S. and Third World citizens. We therefore now have a new action choice – to remove the Fed's money creation authority, forcing Congress to live within its budgets, and terminating the use of American dollars to socialize the world (and maybe even our own society as well – e.g., the $4 trillion or so we have spent fruitlessly on the War on Poverty). We may even get back to an honest gold standard, using gold-backed currency created by a multitude of independent commercial banks in support of our own American economy. Once we've gotten our own house back in order, we may be of some real use to the Third World as a model of how it can be done, absent the existence of conspiratorial control by the dynastic banking elites.

We'll include just a few words about Griffin's second section, which anyone interested in following the Fed's manipulation of debits and credits in creating our fiat currency will find fascinating. The scheme mimics that used by a cabal of English aristocrats and bankers to create the Bank of England in 1694. King William, in need of money to fight a certain war, money which he couldn't raise by taxing or borrowing, granted a charter to a favored group of intriguers to form a bank which would be given a monopoly on issuing English bank notes, i.e., English paper money, which would be created out of nothing and credited to the government in return for a government IOU, the only "backing" that would be required. The government would pay interest on this "loan," making it look legitimate to the public, but the bank's even larger payback was that it was empowered to make additional commercial loans, at interest, using the same government IOU's as "backing," just as though the IOU's were hard, metallic gold. The banks, by receiving interest on money they could create and lend out at will, were thereby going to get rich, the king was going to be able to raise any amount of "money" he wanted, and the public, remaining ignorant of what was going on, was going to pay for it all by having their savings devalued by the expansion of the currency. (Our Federal Reserve does essentially the same thing, with added refinements which greatly increase its leverage over commercial credit.) Griffin labels this process the "Mandrake Mechanism," a magician's way of creating something out of nothing.

Immediately upon issuing the charter, the King and his fellow conspirators rushed to become shareholders in this money manufacturing monopoly they had just created, shares which their upper-class heirs still hold. Griffin makes clear that this system, widely copied first in Europe and then in the United States, substantially guarantees boom and bust cycles, and enables the government to surreptitiously steal the wealth of its citizens by the hidden, most cruel tax of all – inflation.

In Griffin's third section, he generalizes the world outlook of the international financiers, as he sees them, starting with the motivations of the founders of the Bank of England described above. Their success depends upon a pattern of character traits including "cold objectivity, immunity to patriotism, and indifference to the human condition." That profile gives rise to a strategy he labels the Rothschild Formula, which motivates these financiers "to propel governments into war for the profits they yield." To drive a country to go into debt because of war or the threat of war, the strategy is to assure that the country has enemies with credible military might. If only weak enemies exist, give them money to strengthen their military; if no enemy exists, create one. Don't let anyone nation stay predominant, since that may bring on peace and a reduction of debt. Griffin then lists seven European wars fought since the founding of the Bank of England, in all of which the operation of this Rothschild Formula was apparent.

Concerning the major military events of this century, we have reviewed how Carroll Quigley revealed the help given by Montagu Norman of the Bank of England in building up Hitler. Griffin, in his book, spends two chapters discussing how the bankers arranged the Bolshevik coup in Russia in 1917, and then supported the regime thereafter, both for the profit involved and, presumably, to build up a "credible enemy." He also goes into considerable detail concerning the role of the bankers in applying the Rothschild Formula to World War 1, which we will summarize in the next few paragraphs.

Let's put a few items we have previously reviewed into chronological order with several which Griffin brings up. First, we note that the "Rothschild Formula" defined by Griffin had been in successful operation for over 100 years. Second, we recall what Norman Dodd found in the 1911 minutes of the Carnegie Foundation, with the trustees noting that there was nothing more effective than war to alter the life of an entire people, and wondering how to involve the United States in a war. Third, Engdahl spelled out in considerable detail (see our Chapter 1) the preparations for war that the several European countries were making during the two or three decades prior to the start of World War 1, including the secret treaty signed between Britain and France just three months prior to the start of the war, guaranteeing Britain's entry following the assassination of Austrian Archduke Ferdinand on June 28, 1914.

Next, Griffin describes the arrangement J.P. Morgan made with the British and French to raise borrowed money for them, and to act as their agent in purchasing war materiel and shipping it off to them, collecting commissions both when the money was raised (by selling bonds) and when it was spent. The first such purchase contract was signed in January 1915. Griffin then quotes a congressman who described how Morgan got together leaders in the newspaper business and essentially "bought" their editorial policy-making function regarding "questions of preparedness, militarism, financial policies, and other things ... considered vital to the interests of the purchasers." Morgan then set about drumming up support for the war.

Next in line was the Lusitania affair. It was a British liner, built to military specifications, being used as a passenger liner, but secretly carrying munitions which Morgan was responsible for procuring and shipping. The German embassy, being aware of what was being shipped, and not wanting to provoke an incident which would bring the U.S. into the war, submitted an ad to go in 50 East Coast newspapers a week prior to the sailing date, warning U.S. citizens of the dangers of traveling on British ships in a war zone. Morgan, however, managed to prevent nearly all of these ads from being run as requested, and the ship sailed on May 1, 1915, with 195 Americans on board.

Across the ocean, Winston Churchill, then the First Lord of the Admiralty, was arranging for the deadly encounter. He recalled the destroyer escort that had been planned to protect the Lusitania upon its reaching U-boat waters. He further ordered it to proceed at three-fourths speed in order to "conserve coal." It made an easy target. One torpedo on the starboard quarter detonated munitions stored below, blowing off most of the bottom of the bow, and the ship sank in less than eighteen minutes. Griffin quotes sources indicating that even King George V was aware and was following the progress of the Lusitania. The official inquiry some time later put the blame on the ship's captain, though Lord Mersey, the director of the inquiry, resigned from the British Justice system immediately thereafter, and years later commented, "The Lusitania case was a damned dirty business."

Back in the U.S., Morgan turned up the tempo of the editorial drumbeat to convince Americans to stand on the side of civilized behavior and support the Allies, a chant that was echoed and re-echoed until the Congress finally declared war. But before that, in March of 1916, President Wilson signed a secret treaty with Britain, negotiated by his alter ego Colonel Edward Mandell House, without the knowledge or consent of the United States Senate. The treaty amounted to a diplomatic plot to bring the U.S. into the war against Germany. It was never implemented, but reveals the strength of the pressures on House/Wilson to get the United States into the war. The public at that time was still opposed, as shown

by Wilson's decision to run his reelection campaign in the fall of 1916 on a pacifist platform with the slogan "He kept us out of war!" The honesty of such political declarations has not changed much to the present day (1996).

Early in 1917, the British came to fear that they were on the verge of having to capitulate to Germany, since the U-boat blockade had successfully reduced Britain's food reserve to just a few weeks' supply. It then became impossible for Morgan to find buyers of British war bonds, since they would become worthless upon British surrender, and without more bonds, war materiel supply would halt, ensuring the loss of the war. Current bondholders, including Morgan and various of his friends, would, of course, also suffer. Intense pressure was then brought upon the Congress to supply the needed money to keep the war going. But that would necessarily require the Congress to declare war, since such help would be a violation of neutrality treaties. The pressure from both the President and the press was more than the Congress could withstand, and war was officially declared on April 15, 1917, to the delight formerly described (Chapter 4) of Elihu Root and the other trustees of the Carnegie Endowment for International Peace.

The British and the French both started placing massive orders for war goods with Morgan, who, when the British and French accounts became well overdrawn, approached the U.S. Treasury to come up with the needed funds. The Treasury said they didn't have that kind of cash on hand, but the Federal Reserve under Benjamin Strong showed up in the nick of time saying maybe they could help. Which they did, via the same Mandrake Mechanism which Griffin described in his Section 2. By the time the war ended, the Treasury had loaned out about $9.5 billion. Morgan's investments in British bonds were saved, but Morgan made very much more than bond interest, having directed the larger part of British war orders to companies which he and other insiders controlled. Griffin points out that total U.S. war expenditures between April 15, 1917 and October 31, 1919, when the last U.S. soldiers arrived back home, amounted to some $35 billion. During the war years, the money supply approximately doubled (from $20 to $40 billion), and the purchasing power of the dollar was about halved. The people thus paid via the hidden tax of inflation, while the banks received interest on the money they had created out of nothing, just as the Mandrake Mechanism intended. The same process was repeated during World War 2 and during the corporate bailout operations of the 80's and 90's.

The fourth section of Griffin's book relates the financial history of the United States with respect to the use of paper bank notes, from colonial times through the era of Civil War greenbacks. The early experiments with fiat currencies invariably produced civil distress and were therefore fairly short-lived, since the elites pressing these schemes on the people were not politically powerful or astute enough to sustain their operations. Griffin brings this history back with a clarity which, had it been available to Congress in the early 1900's, would probably have prevented the passage in 1913 of the Federal Reserve Act. Knowledge of this history should be particularly useful to those today seeking to replace the Federal Reserve with an honest banking system.

As a last effort, we'll highlight the portion of Griffin's fifth section which deals with the connection of our banking elites to their counterparts in Britain, and two of the major fallouts of that connection: the roaring twenties' expansion, and the subsequent crash leading to the Great Depression.

The J.P. Morgan Company, the American agent of the British during World War 1, was also the prime backer of the Council on Foreign Relations, the American branch of the British Round Table organization, whose secret core was established by Cecil Rhodes to bring about the worldwide dominance of the British Empire. No surprise, says Griffin, since Morgan's antecedents went back to the Boston merchant

Junius Morgan who was accepted into the London investment firm of George Peabody, moved to London in 1854, and became a full partner in the firm, which later became known as Peabody, Morgan & Co. The firm peddled bonds in London for American states and commercial ventures, but became wildly successful as the London agent for the Union

government during the Civil War. Peabody retired in 1864, and the firm was renamed J. S. Morgan & Co. Junius Morgan enrolled his son, John Pierpont Morgan, in European schools and otherwise immersed him in the British tradition. In 1857 he set him up in business in America, and in several years had him running the American branch of Junius' business, first called Dabney, Morgan & Co., and finally settling on J.P. Morgan & Co. in 1895. Junius died soon thereafter, and J.P. Morgan sent his son, J.P. Morgan, Jr., to London to learn British ways and, more importantly, to remodel Junius' company into a clearly British one. This was done by taking into Junius' company as a new partner a Bank of England director named Edward Grenfell, and renaming the company Morgan, Grenfell & Co. The idea was to make J.P. Morgan & Co. look more like an independent American entity rather than an American branch of a British firm, though the reality was that both firms remained highly attuned to British financial and political objectives.

Griffin then addresses the question discussed by many others, namely the nature of the relationship between the Morgans and the Rothschilds. He presents his references and evidences, drawing a picture which includes early secret cooperation between George Peabody and Nathan Mayer Rothschild in London, the Rothschild effort to set up a "front" in the United States using the person and name of August Belmont (which shortly became common knowledge and thus ineffective), the large loan from the Bank of England saving Peabody & Co. but no one else during the panic of 1857, the staunch public anti-Semitism of J.P. Morgan, Jr., which attracted business from borrowers not wishing to deal with Rothschild or any other Jewish firm, the repeated private financial cooperation reported by many sources between Morgan and Rothschild entities, and finally the meager financial estates left by both J.P. Morgan and his son, suggesting that the entirety of their operations were more in the nature of acting as agents for others rather than serving their own personal self-interest. Griffin concludes by noting that the degree of subservience that actually existed between Morgan and Rothschild might be historically interesting, but was nevertheless quite immaterial, the only important matter being that they always managed to cooperate in business matters that were profitable to them both.

We touched, in our review of Engdahl's book (Chapter 1), upon the creation of the speculative bubble during the 20's that was pricked in 1929 producing the stock market crash and the great depression. Griffin spells that out here in considerable detail, with lots of documentation. In short, Britain inflated during WW1 much more than did the U.S., and thus entered the 20's with higher prices, wages, and interest rates than the U.S., accompanied by an increasing trade deficit and loss of gold reserves. Britain wished to correct this relationship, not by deflating its economy, which would entail politically dangerous wage cuts, but rather by convincing the United States to further inflate the U.S. economy, to equalize prices and interest rates.

The plan was organized primarily between Benjamin Strong, the Governor of the Federal Reserve System, and Montagu Norman, the Governor of the Bank of England. The need for so doing was spelled out in a letter written in May 1924 from Strong to Andrew Mellon, the Secretary of the Treasury. Implementation began in 1924 with the monetization by the Fed of about $1.3 billion, followed by another $0.5 billion in 1927. The former expansion was accompanied by a reduction of the discount rate from 4 to 3.5 percent, making it easier for the banks to borrow additional "reserves" from the Fed to enable more loans to be made. With the commercial banks able to create around 5 times more fiat dollars than the Fed creates, the total currency infusion amounted to ($1.3 + $0.5) x (5+1) which is equal to about $11 billion from 1924 through 1929.

Benjamin Strong indicated in early 1929 his pleasure with how well the scheme worked out, enabling the successful reorganization of the European monetary system, though with the unavoidable hazards of credit expansion and speculation. J.P. Morgan, Jr. concurred with the speculative threat, but was attributed to declare that such speculation "is the price we must pay for helping Europe." This latter quote, says Griffin, comes from a man "who was imbued with English tradition from the earliest age, whose financial empire had its roots in London, whose family business was saved by the Bank of England, who had openly insisted that his junior partners demonstrate a 'loyalty to Britain,' and who

directed the Council on Foreign Relations, the American branch of a secret society dedicated to the supremacy of British tradition and political power. It is only with that background that one can fully appreciate [his] willingness to sacrifice American interests."

Early in 1929, with the bubble of stock market speculation fully inflated, an abrupt change in policy occurred. In February, Montagu Norman arrived in the U.S., conferred privately with Federal Reserve officials, and then with Andrew Mellon. Griffin suggests that it was in these meetings that decisions were made, or orders transmitted, to reverse the expansion, making it appear, of course, that it was just happening by itself. He quotes Galbraith: "How much better, as seen from the Federal Reserve, to let nature take its course and thus allow nature to take the blame." He further quotes Herbert Hoover's description of Mellon's views: "Mr. Mellon had only one formula: 'Liquidate labor, liquidate stocks, liquidate the farmers, liquidate real estate.' He insisted that, when the people get an inflation brainstorm, the only way to get it out of their blood is to let it collapse. He held that even a panic was not altogether a bad thing. He said, 'It will purge the rottenness out of the system. Values will be adjusted, and enterprising people will pick up the wrecks from less competent people.'"

But before the fleecing of the public could begin, the insider worker bees had to be gotten out whole. The financial fraternity was warned to get out of the market, the Fed on February 6 issued instructions to its member banks to sell their stock market holdings, and Paul Warburg similarly advised the stockholders of his International Acceptance Bank. The lists of preferred customers of Kuhn, Loeb & Co. and of J.P. Morgan & Co. were similarly warned. History shows that the Wall Street biggies came through very well indeed, including John D. Rockefeller, J.P. Morgan, Joseph P. Kennedy, Bernard Baruch, Henry Morgenthau, Douglas Dillon, etc. As Griffin puts it, "Virtually all of the inner club was rescued. There is no record of any member of the interlocking directorate between the Federal Reserve, the major New York banks, and their prime customers having been caught by surprise."

It was a different matter with the public, of course. Public assurances were forthcoming from the likes of President Coolidge, Treasury Secretary Mellon, the socialist economist John Maynard Keynes from London, and Benjamin Strong, from his offices in the New York Federal Reserve Bank. But then on August 9, 1929 the pin was inserted into the bubble. On that date, the Federal Reserve raised its discount rate to six percent and simultaneously began to sell securities on the open market. Both actions acted to shrink bank reserves and therefore the money supply, in a reverse application of the Mandrake Mechanism. The market reached its peak on September 19, then started its slide downward. On October 24 the slide became a torrent, and on October 29, the market collapsed.

While the uninformed were in the process of losing their shirts, the insiders who had sold out before the crash were now to be found, with cash at the ready, on the buying side. Companies whose stock had dropped to a fraction of their value were still basically viable, but their ownership, in large measure, had been shifted from, to use Andrew Mellon's phrase, the "less competent people," who had been sucked into the speculative maelstrom created by the Fed's easy credit, to the financial elites, who had been made privy to the crash that was around the corner. Great fortunes were made or added to by the latter, as Griffin briefly outlines. So why, again, should the Federal Reserve be abolished? Griffin's Second Reason was: "Far from being a protector of the public [as it claims], it is a cartel operating against the public interest."

Griffin has shown in his absolutely magnificent book how the banking elites have managed to obtain and today exercise economic control over all of our lives, whereas McIlhany has shown us in his book on the tax-exempt foundations how they have been molding our minds to accept international socialism. In the final section of Griffin's book, he paints a picture of the world society that the elites seek, and describes alternate methodologies that the elites are considering to get to that point. He then outlines what a counter-effort will have to accomplish to at least bring about a return to

honest money and the abolition of the Federal Reserve. We will deal with all these same issues, however, by first reviewing two books which Griffin references, both devoted specifically to revealing the elites' plans for our future, and later reviewing our own book on what political and legislative changes we must accomplish to reverse the political tide which is destroying our free society.