Chapter 5

Chapter V—Next Act, Same Plot, Same Characters

> *"When through a process of law the common people have lost their homes, they will be more tractable and more easily governed by the strong arm of the law, applied by the central power of wealth, under the control of leading financiers. People without homes will not quarrel with their leaders. This is well known among our principal men now engaged in forming an IMPERIALISM OF CAPITAL TO GOVERN THE WORLD. Thus by discreet action we can secure for ourselves what has been generally planned and successfully accomplished."*

That was part of a leaflet called the "Bankers' Manifest" printed for private circulation among leading bankers only. It appeared in 1934. Passing over some interesting monetary history, the next great step after the demonetization of silver was the so-called Federal Reserve Act of 1913, which brought to a reality this "imperialism of Capital to govern the world" now taking shape in the UN, Bretton Woods and the World Bank. To show this, the author takes in successive chapters the Federal Reserve Act, which completed American subjugation, the take-over in other parts of the world, especially Germany and Russia, the people responsible for World War I, those who caused World War II, and the culmination of the "imperialism of capital to govern the world" in the results of the late conflict.

The philosophy of the Federal Reserve Act was nothing new although it would be expected that the advancements of modern commerce and science would be based on a financial policy that would keep pace with it. Instead … the scheming plots of 17th century money changers which long ago proved inadequate, antiquated, crooked, sinister and downright vicious, are still the norms on which the modern world is vainly striving to

function for the peace and welfare of its peoples. The Federal Reserve Act looks as if it might have been written some 140 years ago by a notorious European gambler, John Law, who won the patronage of the Duke of Orleans, regent of France, and established a bank which became a royal bank although privately operated.

Law issued vast quantities of credit and immediately looked for a rich plum in America, annexing the Mississippi company with exclusive rights to Louisiana trade for twenty-five years. Two hundred thousand shares were issued, in payment of which he accepted notes of government indebtedness. Finally it became the government bank and, with Law as director, took over the national mint. When inflation brought ruin he blamed the results on enmity and panic. He had tapped the great sea of "credit," then little known or used in France, but which had been worked and wrecked twice by the Bank of England during the previous twenty years. For some reason little has been published of this incident during the past few decades. The international bankers probably fear the public will see it as a prototype of their own recent cycles.

The basis of his money system is revealed in Law's own words:

> *"Any goods that have the qualities necessary in money, may be made money equal to their value. Five ounces of gold is equal in value say to $100 and may be made money to that value; an acre of land is equal to $100 and may be made equal to that value, for it has all the qualities necessary in money."*

This is what the Federal Reserve Act does, but the fallacies are evident. Land does not have the qualities of money. It cannot be handed about from pocket to pocket. It has no recognized fixed value established by government fiat; its ever changing value disqualifies it as a security for value. The same faults apply to other commodities, such as notes and bills of exchange, which Law and our own Federal Reserve

system used as a basis for issuing bank notes.

For its greatest success, Law contended that the bank should be the State. It would collect all revenues; attract all private deposits; issue money on the strength of public property; own property in its own name; loan to industry and commerce.

The Famous Aldrich Plan, the immediate basis for our Federal Reserve System, is very similar. The only difference is one which favors the bankers, for the Federal Reserve System not only takes the same pattern but also takes all the profits instead of turning them over to the State.

Reduced to one word the Federal Reserve Bank, like the Banks of England and France before it, is “DEBT.” It started on a debt, its work is trading in debts, and it has always existed on debts. As in the case of the other banks, its life depends upon its ability to collect the debts that are owed to it faster than it has to pay the debts that it owes to others. This is what is called trading in credits or banker acceptances.

There is no security for any of the obligations in which it trades other than the speculative ability of the people to produce fast enough to keep ahead of the collection of taxes by the government and the collection of interest by the bank.

Every time money is used it is employed in payment of a debt. It is the acme of absurdity, therefore, that money should itself come into existence as a debt. It has been shown that credit is clearly a debt.

While on the subject of banks and debts, it is evident considering their nature that the banks are more powerful than the Government of the United States, for if they were not, there would: be no such thing as a National Debt. National debts are unnecessary in a country with the real and potential wealth and resources as the United States; they are the

greatest of national burdens and the evils the Government would be foremost in avoiding. But on the other hand they are the biggest source of riches and control in the hands of the American financial system. That we have a National Debt is not only evidence of the real rulers of the nation, but the extent of the debt is a true indication of the extent of this rule.

It is absurd that the Government should be forced to borrow that which it has, under the Constitution, the power to create!

Ever since the banks were given the right to issue money, panics, financial depressions, famines, and the inevitable increase of crime have been periodic occurrences. In America the average is about every twelve years. They shall continue until the government assumes its natural prerogative of issuing money, and confining the work of bankers to banking.

The panic of 1907 which broke like a clap of thunder and lingered like a dying tree is the setting in which the impetus of the Federal Reserve System had its beginning. Even the bankers of the nation, except for a few of the international ilk, had no hint of the coming calamity. The few who created the money scarcity deliberately intended to “clean up,” little banks and all, and force their system upon an impoverished, innocent nation. These people have persistently worked for the control of all banks so that it is virtually impossible for one to remain outside the Federal Reserve System.

J. Pierpont Morgan, Sr., who began his career profiting from the slaughter of the Civil War with fraudulent army and navy supplies, was in continual proven fraudulent scandals, a ruthless wrecker of opposition, magnate of coal and railroads, a continual milker of government, plotter of panics, extender of corruption, looter of steel and insurance trusts, evader of justice and laws, a power over propaganda sources which later caused him to be known by such titles as “savior of the nation,” “grand old man of Wall Street,” etc., made billions

in profits. The international bankers highly approved of his conduct. Lord Avebury, Chairman of the London Bankers acclaimed Morgan as “a genius and we bankers are proud of him.” Alfred De Rothschild of Paris, said: “It is impossible in a few words to do justice to this giant in finance, a man equally great in everything connected with science and art.”

A Committee of Banking and Currency authorized by the House of Representatives in 1912, after a thorough examination, reported that the increased concentration of control of money and credit had been effected, and in a number of ways. One of these was by means of consolidations of competitive or potentially competitive banks and trust companies. The same powerful interests became large stockholders in these. Another way was by the system of interlocking directorates. A third way was the control over management secured by big banking houses, banks and trust companies in insurance companies, railroads and public utility and other corporations. This control was obtained by means of stockholdings, voting trusts, or by supplying money requirements enabling the bankers to participate in determining the business and financial policies of a multitude of corporations. Still other ways of fortifying this control were set forth and the report dealt almost exclusively with J. P. Morgan and Company.

Nothing was left undone to tie up the medium of exchange. Money was as high as 50% on the floor of the New York Stock Exchange. New York banks even refused to honor drafts of interior banks on their own deposits in those Big City banks.

This was the setting in which Senator Nelson W. Aldrich was sponsoring what later became the Federal Reserve Bank Law. Although rarely taking part in debate on the floor of the Senate, he was powerful in committee legislative work and conducted a limited tour of the nation in support of a plan intended to increase the effectiveness of resources through their control by reserve associations. The general public was suspicious of the scheme but the big bankers, whose interests

always opposed those of the general public, saw possibilities in it. Accordingly, the National Bankers' Association adopted the plan, rewrote it and made a few additions.

Of the Aldrich Banking and Currency Plan, Charles Lindbergh, Sr., said to be the only man in the House who read the entire twenty volumes of the Aldrich Monetary Commission, said:

> *"The Aldrich Banking and Currency Plan is a monstrous scheme to place under one control all the finances of the country, public and private. It would create one great central association with fifteen branches to encompass all the states…. It would admit of no membership except banks and trust companies, and exclude the smaller ones of these. The rest of the world would not only be excluded from holding stock, but by the nature of the association, powers and relations of finances to commerce, it would dictate the terms on which business should be done. With that power centered in the great city banks and these banes controlled by the trusts and money powers, the politics as well as the business of the country would be under its dictation.*
>
> *"The government prosecuted other trusts, but supports the money trust…. I have been waiting patiently for several years for an opportunity to expose the false money standard, and to show that the greatest of all favoritism is that extended by the government to the money trust."*

A new Bill was written and informally called the Owen-Glass Bill because piloted in the Senate by Robert Owen and in the House by Carter Glass. Legally it was the Federal Reserve Bill which, as it first passed the Senate, contained the all important mandatory provisions requiring the Reserve Board to maintain stable price levels, a provision which was stricken out under Glass m the House, thereby changing the entire nature and intention of the Act.

The venerable Robert Owen wrote some interesting information

on this particular event in a foreword to “Money Creators” by Gertrude Coogan. After outstanding academic achievements, Owen established the first national bank chartered in Oklahoma, was its president for ten years and a director for forty-five years. He supported William J. Bryan in his strenuous presidential campaign for remonetization of silver and a ratio of 16 to 1. Bryan fought for an honest monetary system to protect the United States against panics and depressions but “was defeated solely by a studied and expressive campaign of deception and ridicule, the threat of panic and the use of money.”

In 1898 Owen went to Europe and studied at first hand the Bank of England through its Governors, the Bank of France through its Directors. Two years later he devised a plan for the issuance of United States legal tender when national production necessitated an increase in money supply. In the Senate he wrote the first Federal Reserve Bill presented but it was expanded and contained provisions he did not favor; so he got the Senate to strike out this Bill and pass the original Owen draft. The purpose of the Bill was to establish and maintain the stable value of money under mandate; but this mandatory provision was struck out by the House. Says Owen: “I was unable to keep this mandatory provision in the Bill because of the secret hostilities developed against it, the origin of which at that time I did not fully understand.”

He would have understood had he known the man behind this opposition to anything beneficial to the American economy and for everything aiding the international bankers. This man was Paul M. Warburg, who was born in Germany, brought up in the banking business in Hamburg where he became part of the Reichbank system. In 1902, while still in Germany, he became a member of the banking firm of Kuhn, Loeb and Company, which is next in importance to the Morgan branch and which has headquarters in New York City. With this company he served as a director of various banks, trust companies, railroads and

other organizations. He came to America in 1906, became a citizen of this nation in 1911, was decorated by the Kaiser in 1912, helped a Republican Senator write and pass the Federal Reserve Bank Act which became law in 1913, and was appointed by a Democratic President, Woodrow Wilson, Vice-Chairman of the Federal Reserve Board in 1914.

The Warburg story indicates five things:

> *(1) The International bankers plot to bring the Reichbank into the full fraternalship with the Banks of England, France and America in the ensuing war.*
>
> *(2) It is no crime to collaborate with the enemy when it is done by big bankers. (War was more near than was the late war when we called Germany "the enemy." They knew it was coming and hastening the enactment of the Federal Reserve system was in preparation for it. The war was all over except for the shooting, bleeding and paying—from all of which these princes of privilege were majestically immune.)*
>
> *(3) There is no consideration of the welfare of nationals when the profits of a few international bankers are at stake.*
>
> *(4) Nationalities, forms of government, political theories all mean nothing when the welfare of this class is concerned.*
>
> *(5) The continued complete domination of American financial policies by a foreign group of international hypocrites.*

Accepting these as facts we need not be amazed that such a recent arrival from a foreign country be given one of the most important positions in our nation, a position in which he was largely responsible for the organization of our banking system; nor need we be astonished that such a recently naturalized citizen should be given such preference over thousands of capable life-long American citizens. We do not wonder that the institution he was so instrumental in

establishing should be operated rather in the interests of internationalism and foreign nations than in the interest of the United States; nor that it has shown more interest in stabilizing the franc and the pound sterling than the dollar. We know that the economic and political supremacy of international financiers depends upon maintaining a universal monetary stingency in order that there shall be a perpetual world-wide demand for their credit, the interest on which is their greatest treasure.

Paul M. Warburg claims a share in formulating the Federal Reserve System. Writing in "The Federal Reserve System, Its Origin and Growth," he says: "I do not claim to have originated any new banking principle; but from my arrival in America I have been impelled to urge the adoption of the fundamental principles upon which, under varying forms, were based the practices of every industrially advanced country except the United States. It was owing to the interest I had shown in banking reform that, when the Aldrich Banking and Currency Committee was appointed, I was invited to assist in formulating a plan providing for the creation of a Central Reserve Association with regional branches."

The Currency Committee of the Merchants of New York recognized the proposed United States Reserve Bank as Paul M. Warburg's plan "to end all currency famines and money panics, and relieve the national treasury of all responsibility for the money market, international exchanges and movements of gold."

In his introduction to a series of essays by Paul Warburg, Mr. Edwin R. A. Seligman writes:

> *"It may be stated without fear of contradiction that in its fundamental features the Federal Reserve Act is the work of Mr. Warburg more than of any other man in the country."*

Warburg and his fellow conspirators drafted the Federal Reserve Act at a secret meeting of a group of American (sic)

bankers who, of course, wanted our financial system to be an imitation of England's with no consideration of the vast differences in their respective economics. The bankers told the people that they had at last perfected the last word in the nature of financial legislation for positive Federal security of our national monetary system. The fact is the written Act is a masterpiece of duplicity and subjugation.

A few secrets on the enactment of the Federal Reserve Act were made known by Frank A. Vanderlip in an article in the Saturday Evening Post in 1935. He writes:

> *"Despite my views about the value to society of greater publicity for the affairs of corporations, there was an occasion, near the close of 1910, when I was as secretive, indeed, as furtive, as any conspirator.*
>
> *"… Stillman (international agent in France) also reported to me that in his talk with Senator Aldrich he himself had not expressed any views, except as he had impressed on the Senator his belief in the necessity of not being too much influenced by our Wall Street point of view.*
>
> *"Since it would be fatal to Senator Aldrich's plan to have it known that he was calling on anybody from Wall Street to help him in preparing his report and Bill, precautions were taken that would have delighted the heart of James Stillman. Those who had been asked to go (to a secret draft session) were Henry Davison, Paul Warburg, Ben Strong, and myself. From Washington came A. Piatt Andrew, Jr., who was then an Assistant Secretary of the Treasury, and who now is a Member of Congress from Massachusetts. We were told to leave our last names behind us. We were told, further, that we should avoid dining together on the night of our departure. We were instructed to come one at a time and as unobtrusively as possible to the railroad terminal on the New Jersey littoral of the Hudson, where Senator Aldrich's private car would be in readiness, attached to the rear end of a train for the*

South.

"When I came to that car, the blinds were down and only slender threads of amber light showed the shape of the windows. Once aboard the private car we began to observe the taboo that had been fixed on last names. We addressed one another as "Ben," "Paul," "Nelson," "Abe"—it is Abraham Piatt Andrew. Davison and I adopted even deeper disguises, abandoning our own first names. On the theory that we were always right, he became Wilbur and I become Orville, after those two aviation experts, the Wright brothers.

". . . Warburg, the best-equipped man there in an academic sense, was so intense and apparently felt a little antagonism toward Aldrich . . . Aldrich never was a man to be a mere servant of the money interests."

Present at this secret conference were: Senator Nelson A. Aldrich, Chairman Finance Committee of the United States Senate; Paul M. Warburg, of Kuhn, Loeb and Co., later made Vice-Governor of Federal Reserve Board; A Piatt Andrews, Assistant Secretary of the United States Treasury; Henry P. Davidson, of J. P. Morgan & Co.; Frank A. Vanderlip, President of National City Bank of New York. Is it any wonder the banking act they devised served private financial interests at the expense of any national considerations such as the common good of all!

Woodrow Wilson was elected on a Democratic platform which expressed opposition to the Aldrich plan, so the moneyed interests changed the name and passed a bill containing all the essential points of the so-called Aldrich plan for a central bank. The same Woodrow Wilson signed it.

The American Federal Reserve Bank is not American, it is not Federal, it is not a reserve bank. It is not American because it is English in origin and principle; it is not Federal because it is owned by private men for private profit—like a

neighborhood grocery store. It is not a reserve bank; its deposits do not have a reasonable proportion of reserves behind them. The suggested legislation requiring 100% reserves for deposits would at least part way make the bank live up to its name.

The word “Federal” was purposely deceiving. Until Father Coughlin took the air in 1934 practically everyone believed the Federal Reserve Banks were federal. Yet here are the facts:

> *1. Private bankers own all the stock and take all the profits.*
>
> *2. The government does not pay members of the Reserve Board salaries as she would if they were working for her.*
>
> *3. The federal government does not even give the Federal Reserve System a list of duties.*

Another bit of duplicity not only fooled the public, but Congress as well. When the original Act was passed Congress was led to believe that the Federal Reserve Agent and the Governor of the Federal Reserve Board were two separate and distinct offices held by men with different interests at heart. The Reserve Agent was to look after the interests of the people and act as a beneficial check upon the Governor with banking interests at heart. The fact is, both offfices are held by the same man, the Governor of the Reserve Board (in case you didn’t guess) who has only the interests of the banks at heart. He has two offices for the two duties, one across the hall from the other in the Central Reserve Bank in New York City. It is tragically typical of the consideration the interests of the people have in our nation’s financial system.

Perhaps the most common form of hypocrisy exists in the tricky bank statements these patriarchs of plunder are obliged to

issue periodically. The Chase National Bank, J. P. Morgan and Co. of New York, the Bankers Trust Company, the National City Bank of New York, to mention only a few, mostly Morgan controlled, begin their statements, “Cash and Due from Banks,” “Cash on Hand and on Deposit in Banks,” “Cash, Due from Banks and Bankers,” as their principle source of assets. This first item means the small amount of actual currency on hand in the banks is insignificant with the much larger amount of bookkeeping money or credit money (debts) which is owed to these banks either by the Federal Reserve Bank or by other banks. The item “Cash” and “Due from Banks” are therefore united because if the public realized how little real cash all the banks have in relation to what they pretend to have (deposits), the basic crookedness of the monetary system would be apparent. This dual item is placed first not only because it is the greatest source of assets, but also to falsely bolster public confidence in the “soundness” of their companies.

Their boast of “Federal security” was more deception. Just recall how much Security it established. Did it make money panics impossible ? Did it make money and credit available at all times for the use of agriculture and industry? If they wanted national security they would have provided for the giving of money to the banks through the banks. How much security was there in 1929 when almost overnight the $62 billion of bond and credit money shrank to forty-two billion? The workers of the nation did not become lazy overnight, nor did the fields of the country suddenly dry up, nor did the factories of America collapse all at once; the fault is with their “last word in the nature of financial legislation.” There never can be any real security in the nation as long as debts are used as bank and credit money. The Federal Reserve System never has been and never will be anything but a farcical disaster, the inevitable cause of panics and depressions. It is the one cause of our economic slavery. Because the system is a proven failure it cannot even be

called an experiment.

The following is a notice posted on the bulletin board of a Federal Reserve Bank in Chicago for the attention of its employees: “In view of the ultra-confidential character of the work of the Federal Reserve Banks, and because undue importance may be attached to even informal or personal comments, officers and employees of this institution are requested not to disclose to any one other than an employee or officer of the bank entitles thereto any information obtained in the course of his or her work. They are particularly cautioned against discussing with outsiders any matters relating to the present or future policy of the Federal Reserve Board, the Federal Reserve Banks, or any member bank.” The effects of Federal Reserve policies are public and the public should therefore have access to a knowledge of those policies. If, in a free America, the most important function of a nation’s operation, the monetary system, must be kept secret the reason is that it needs secrecy to escape detection.

Of the Federal Reserve propaganda books and leaflets that have come to the author’s attention one of the most clever and typical is a question and answer booklet. The following sample is found.

> *“Does the Federal Reserve Bank Coin Money or Regulate its Value?”*
>
> *“No. Metallic money is coined in the mints of the United States Government, and paper currency, including the Federal Reserve notes of the 12 Federal Reserve banks, is prepared by the United State Bureau of Engraving and Printing, both under the direction of the United States Treasury. The power to regulate the value of money rests in Congress, but Congress has authorized the President to fix, within certain limits, the amount of gold constituting the dollar.”*

The charge that they do coin money and regulate its value has been made so often they had to answer it. And the answer had to be “No”; otherwise they would convict their system of unconstitutionality. With that much assured they had to resort to trickery for the reason for their answer. Notice in the first part of the first sentence that they use the term “metallic money” in connection with the verb “to coin.” Metallic money constitutes a negligible portion of our money; coins and currency (billfold money) combined constitute about five percent. Ninety-five percent of the nation’s business is conducted by banker-manufactured debt credit money; this is the real national currency and is made by the bankers themselves with the use of their fountain pens.

The second part of the first sentence states “paper currency is prepared by the United States Bureau of Engraving and Printing.” Even if entirely true, which it is not, the amount of money affected (we saw that paper currency and coins combined constitute about 5 %) would be infinitesimal. The whole truth is that member banks of the Federal Reserve System obtain Federal Reserve notes from the United States by sending to the United States Treasury government bonds to the face value of the number of $5, $10, etc., bills desired. The Treasury places the government bonds in sealed containers on which is labeled the name of the bank. The bank receives from the Bureau of Engraving Federal Reserve Notes to the full value of the bonds sent to the Treasury, at a cost of 30 cents per thousand bills—the cost of printing. The Treasury of the U. S., a world-renowned institution looked upon as an emblem of power and respect, is but a mere group of job printers for a few private bankers.

Concerning the regulation of value, their answer again concerns an insignificant portion. Since their bookkeeping credit entries constitute practically all our money, is the only worthwhile source of value regulation. Their entire “answer” reminds one of an observation by Stephen Leacock that

half truths, like half bricks, travel farther.

In “The Hidden Power of Money,” Fred H. Kiser has this to say about the Federal Reserve Act:

> *“Its main object was to force Domestic Purchasing Power to the lowest possible level by calling in loans. It was an Act calculated to yield opportunities for greater manipulation of business cycles; establish smaller minimum reserves; promote circulation of more fictitious money (Bankers’ Credit); compel producers to accept export trade—foreign markets; force the standard of wages down; influence the International Banking System throughout the world to raise interest rates; allocate to the Government but a ‘slight’ share only, of the profits derived from the operation of the Exclusive Money Franchise; allow small local banks a 13% reserve against demand deposits, and 3% against time deposits, thereby establishing a system whereby each ‘dollar’ deposited as a Demand Deposit could be expanded seven times, and for each dollar deposited as a Time Deposit thirty-three times; required reserves of small banks to be kept in the district’s Federal Reserve Bank against which the said Federal Reserve Bank would keep a 35 % Gold Reserve…*
>
> *“As proof that I am presenting a correct analysis of the original draft of the Federal Reserve Act which embodied in its Financial Authors’ intentions, I shall leave the subject for you to ponder over by emphasizing this fact—since 1920, our assets have been reduced over 200-Billion Dollars through and by the Money Managers and their unconstitutional manipulation of the money in circulation. This should explain to everyone why the Federal Reserve Act was passed, and also why it must be repealed.”*

When asked why the Secretary of the Treasury was no longer on the Federal Reserve Board, a big banker said:

> *“Because we kicked him off the Board.”*

When asked why the President of the United States was no longer on the Federal Reserve Board, the big banker said:

> *"Because we kicked him off the Board."*

They have been kicking Presidents around ever since. In fact, if the bankers were not more powerful than the Presidents there would be no national debt at all.

Impossible as it might seem, the financial plank of the Democratic Party in 1916 is an abundant source of laughs. It reads:

> *"Our archaic banking and currency system, prolific of panic and disaster under Republican administrations—long the refuge of the Money Trust—has been supplanted by the Federal Reserve Act, a true democracy of credit under Government control, already proved a financial bulwark in a world crisis mobilizing our resources, placing abundant credit at the disposal of legitimate industry, and making a currency panic impossible."*

Can anyone say with a straight face the Federal Reserve System is a true democracy of credit, is under Government control, places abundant credit at the disposal of industry, or makes currency panics impossible?

Prosperity is a tragedy under the Federal Reserve System because it necessarily brings depression. Why? Because in prosperity people pay off their debts and thereby cancel this credit money (debt) out of existence. The consequent scarcity of money is a contribution towards depression.

The calling in of loans contributes to a liquidation in the business cycle while an expansion of credit tends toward recovery. Economists tell us business runs in cycles of prosperity, liquidation, depression and recovery, which, they tell us, is the natural course business automatically takes;

the hint of mystery and confession of ignorance in this theory fools nobody who knows even the simplest basic rules of our monetary system. Although it is known that professors often make poor students, one hesitates to say economists are unaware of these rules, but, if they are aware of them, the other alternative is to accuse them of deception. If they do not know the functions of money they are too little informed to properly teach economics; if they do know the functions of money and still maintain the theory of the business cycle, they are too dishonest to teach anything.

This Debacle of Debt, the Federal Reserve Banking System, is a system of debt, by debt and for debt. The bigger the debt the more profitable this unAmerican, anti-American racket becomes. The extremity of its perversion is seen in the fact that for it war is a blessing, and indeed the greatest of all blessings because it brings the greatest of all national debts; interest on these debts is its principal source of income.

“We need have no fear of the national debt because we owe it to ourselves,” was a popular bit of New Deal philosophy (what abuse that word philosophy takes these days). In the first place we don’t owe it to ourselves; we owe it to those few, some of them foreigners, who hold the securities. The debt is represented by government securities. The securities are held by a special group of American and foreign owners, some individual, some institutional. In the hands of these securities holders the debt is a continuing claim on the flow of goods and services produced by the rest of us. By the rest of us—that’s the key phrase. For while the claim on goods and services represented by the debt is held by a special group of the people, it is all the rest of us who must meet that claim. And it is to be feared because of the lengths we shall have to plunge in order to meet it.

From another source the author once answered this argument as follows: That we owe the national debt to ourselves is one of the craftiest bits of financial propaganda the sycophants of

the Money Monopoly ever handed a gullible public. The argument in support of this theory is that the burden of interest which pays the national debt is not of itself a burden because the interest goes back to the economy, increases income, and thereby increases our ability to pay taxes. The individual taxpayer finds little comfort in the act that in the national accounting the taxes he pays are balanced by the interest that the bankers receive.

Carry this theory to its logical conclusion and see what would happen. Since the people owe the debt and interest to themselves, and since it will cost them less if they stop the interest (because they hire high-salaried tax collectors to take their money from them and also hire expensive bureaucrats to pay it back to them) the people should stop paying interest. If the majority of the taxpayers once came to this conclusion, the big bankers would soon be yelling that financial disaster is upon the country, that the nation is bankrupt, that all investments and securities are worthless. Their own theory would prove very unpopular when the people, having borrowed themselves into a big debt decided they could cancel the debt without harm, since they would, according to the logic of the theory, be cancelling it to themselves.

It is because all money is debt money that America as the richest nation in the world is also the farthest in debt.

It is evident that this debt system of national banking is essential to the monopoly of power upon which the great banks depend in order to control the movements of nations, governments and of every inconspicuous individual that makes up nations. It is equally clear that in order to subvert the common sense of the average man they must inveigle him into their money-lending rackets, in spite of the bloody booby traps they set for him.

Upon their lunatic proposition rests the future peace and prosperity of the entire world. The assinine delusion that a

grand new world can emerge from expanding industry by mere spending and investment at interest plays directly into the hands of the central banks' already overwhelming power. Since they control the "money" expanded it is they who will control the industries which shall be expanded.

Professor Frederick J. Soddy, famous scientist, Nobel prize winner, and originator of the virtual wealth theory of economics, is now quoted at length because his words seem to be an irrefutable summation of what the author has been saying about the Federal Reserve System.

"The most sinister and anti-social feature about bank-deposit money is that it has no existence. The banks owe the public for a total amount of money which does not exist. In buying and selling, implemented by check transactions, there is a mere change in the party to whom the money is owed by the banks. As the one depositor's account is debited, the other is credited and the banks can go on owing for it all the time.

"The whole profit of the issuance of money has provided the capital of the great banking business as it exists today. Starting with nothing whatever of their own, they have got the whole world into their debt irredeemably, by a trick.

"This money comes into existence every time the banks 'lend' and disappears again every time the debt is repaid them. So that if industry tries to repay, the money of the nation disappears. This is what makes prosperity so 'dangerous' as it destroys money just when it is most needed and precipitates a slump!

"There is nothing left now for us but to get ever deeper and deeper into debt to the banking system in order to provide the increasing amounts of money the nation requires for its expansion and growth. An honest money system is the only alternative."

There is much more that could be said about this American

branch of the International Banking fraternity. But in a work of analyzing and synthesizing such as this, a writer cannot succumb to the temptation of laying unproportionate stress upon one phase of a broad subject replete with important divisions. Some of the other arguments can be found in the twenty-seven indictments against the Federal Reserve Banks drawn up by an outstanding American monetary authority in deadly parallel with the twenty-seven indictments against the British crown in the Declaration of Independence…. His charges constitute a declaration of independence against the rulers of the British crown today, and are as follows:

They have refused to permit Congress to coin money and regulate the value thereof.

They have kept banking in private hands, alloting both money and credit at will to their friends.

They have promoted the growth of giant corporations to the extent that money and power are concentrated into the hands of a few.

They have loaned abroad in private loans our people’s money, leaving worthless securities in lieu thereof.

They drove America into the World Wars to secure the credit of the British Empire, at the consequent cost of thousands of lives and billions of dollars to the taxpayers of the United States.

They have secured the loans of over billions of public monies to foreign nations, now wholly in default.

They have so promoted foreign trade by inducing the sale of American goods abroad in exchange for foreign goods, that we have imported at an estimated loss of many billions, since the beginning of this century

They have prompted, as far back as the Civil War; the system

of National Banks which permitted the banker to obtain interest on his investments as well as paper currency for his capital. They have floated foreign and worthless issues of German bonds and South American bonds in this nation, robbing the people of our surplus, to meet their inordinate demands for interest and commission.

They have promoted wildcat issues of stocks and bonds of domestic corporations.

They have dominated the Treasury of the United States and dictated its policies.

They have placed their representatives before the people for selection in the highest places of preferment.

They have covered the country with false and lying propaganda, prostituted the press and invaded the schools, with their campaign for so-called sound money.

They have sent their lobbyists to Washington, against the interests of the people and for the protection of their selfish interest.

They have induced the government of the United States to refuse to issue adequate currency, but rather to issue interest bearing bonds, in exchange for book credits issued by the banks, over-subscribing each issue till now the national debt has reached an all-time high financed largely by banks which never had a full billion of actual currency in their vaults.

They have accepted as deposits the savings of the people and issued in credit ten times the amount of currency in the counterfeit, fiction money of credit.

They have sent their salesmen into municipalities and all forms of local governments with the offer of loans for public works in order to secure a supply of tax-exempt securities for

their wealthier customers.

They have opposed every effort to reform taxation and placed the burden on all classes of people and on all forms of wealth.

They have financed rebellions in friendly nations in order to take over the very governments themselves.

They have financed wars for the profit on war and induced armament races for the profits on armaments and munitions.

They have expanded credit periodically and taken the profit on rising markets only to sell securities before a preordained period of deflation. They have called loans, caused a wide contraction of credit, destroyed values and purchased or confiscated property at bankrupt prices.

They have destroyed the opportunity of America becoming the financial and foreign exchange market of the world and have induced even the Treasury of the United States to buy and sell in London.

They have filled the vaults of little banks with worthless securities and caused endless bank failures in the nation.

They have opposed the economic welfare of the farmer, played the game of the city against the rural community, the manufacturer against the industrial laborer, and the foreigner against the American citizen.

They have pitted large industry against small industry, denying credit to the 97 percent of our manufacturers who employ less than 250 men each and concert” bating credit with large industry, thus adversely affecting many wage earners of the nation.

They have, through their political manipulator, Baruch, induced this government to establish such devices as the NRA for letting industries write their own codes, which means that

the power and resources of big industry have dominated the codes.

In the Executive Department of our present administration, they have seated their representatives of their largest corporations in America, for the purpose of actually framing the laws through the Department of Commerce; and in the Legislative Department they have appeared in the guise of associations—the American Bankers, the Chamber of Commerce, the Manufacturers Association—opposing every salutary law contemplated for the public economic welfare.

John Elsom, writing in "Lightning Over the Treasury Building," lists fifteen grievances against the violation of Article I, Section 8, Paragraph 5 of the Constitution ("Congress shall have the power to coin money and regulate the value thereof") as practiced by the Federal Reserve Banking System. They are as follows:

It has allowed the usurpation by the Banking System of the power reposed in Congress to issue and regulate the value of money.

It has given us a system of legalized banditry unparalleled in the history of nations.

It has given us a Government—not of the people—but by a small group of Internationalists who dominate our Legislative Bodies.

It has made of every citizen a bondsman (slave) of the Money-Creating, Bond-Holding Bankers.

It has caused to be created a National debt of mounting billions—all of which should have been issued by Congress, instead of borrowed.

It has allowed Banks to obtain money from the U. S. Treasury for the cost of printing (27 cents per thousand dollars); to

create money with a fountain pen by falsely entering a Bank Loan as a Bank Deposit.

It has made it possible for the Banks to loan at interest from 20 to 30 times the amount they have in cash. There is less than One Billion Dollars of currency in all Banks, while there are 70 Billion Dollars of Bank Deposits, so-called. 97 % of Bank Deposits are Bank Loans—the borrowers supplying the credit. There is less than 1 3/4 cents in cash behind each dollar of bank deposits throughout the Nation.

It has made it possible for the Banks to expand and then contract credit—by which process they have obtained control of 87 % of our National wealth by owning outright through foreclosures, or holding mortgages on that percentage of assessed properties.

It has caused, apart from all other foreclosures, 600 families every day, for years, to be dispossessed. Every minute of every working hour a family is forced to vacate, to satisfy the demands of greed.

It has caused the domination of our School System by the money monopolists, in the matter of Economics, so that college graduates do not know that the Government does not issue our principal medium of exchange—that the Federal Reserve is Not a Government Bank—that the Government gave, without charge to the Federal Reserve Bank, 7/9 of the Nation’s hoard of Gold—that our present economy is unconstitutional—or that wars are not fought for the preservation of Democracy, but rather for the preservation of the Money System, collection of European investments and to increase the National Debt.

It has established a monetary system by which every dollar must be borrowed into circulation and pay interest to the Shylock money-creating Bankers 27 cents of every earned dollar goes for interest charges.

It has resulted in the Federal Reserve System, a private

banking institution, becoming the Fiscal Agent of our Government, in which capacity it absolutely controls the financial affairs of the Nation and all subdivisions thereof, as well as every person living therein.

It has produced a situation which has made seemingly necessary the planned destruction of, or curtailment of production, of consumable goods, while 69 million Americans are in dire need, many actually starving to death in the midst of abundance.

It has caused the prostitution of the Courts to the point that the poor man cannot obtain justice in civil actions where insurance companies, banks or their subservient stooges are involved.

It has caused foreign "isms" to make disastrous inroads upon America and Americanism, by causing discontent through granting unjust and unconstitutional special privilege to a chosen few

Conclusive and irrefutable arguments against the constitutionality of the Federal Reserve Act are found in the last pages of Chapter III, "Citadels of Chaos."

This recalls to mind an observation made by Justice of the Supreme Court, Louis D. Brandeis in his stimulating little book, "Other Peoples' Money," viz:

> *"The goose that lays golden eggs has been considered a valuable possession. But even more profitable is the privilege of taking the golden eggs by somebody else's goose. The investment bankers now enjoy that privilege. If the bankers' power were commensurate only with their wealth they would have relatively little influence on American business. They control the people through the people's own money."*

No better summary of the evils of the Federal Reserve System can be found than that contained in the Minority Report of the

Federal Reserve Bill by Charles A. Lindbergh, Sr., after its original hearing. He wrote as follows:

> *"It violates every principal of popular Democratic Representative Government and every declaration of the Democratic Party and platform pledges from Thomas Jefferson down to the beginning of this Congress.*
>
> *"It recognizes the superior sovereignty of the embodied institution of money over any power of government so that neither the government, in its sovereign capacity, nor the people or their representatives can initiate the placement of one dollar of monetary functionary into actual exchange among the people except through the agency of organized money loaners with purely selfish interests.*
>
> *"The Glass Bill positively abolishes the United States Treasury and the public money of the people and substitutes the so-called Federal Reserve Banks, which by the term of the Bill, are to be the exclusive stock of the bankers. It reduces the people's treasury Department and the Bureau of Printing and Engraving to the position of a job printing house for the private use of bankers."*

The consequences of the Federal Reserve System have been mainly the existence of bigger and better panics and bigger and better wars. Following this crime of 1913 came the depression of 1923, the panic of 1929 and New Deal monetary enactments

The depression of 1923 was chartered at a secret bankers meeting May 19, 1920, in Washington, D. C. The big bankers of the Federal Reserve Board planned the depression with deliberate coolness and diabolical intent by breaking as many small independent banks not members of the Federal Reserve System as they could; Information of this particular episode is taken principally from the undenied material given on the floor of Congress by Finly H. Gray, courageous advocate for

sound money.

For almost three years no one knew of this secret meeting; neither did anyone know who attended or the resolution passed. When the manipulation bankers and financiers became involved in a dispute over certain Liberty Loan bonds affected by their resolution, the truth leaked out in an account of the proceedings which appeared in the Manufacturers Record of Baltimore, Maryland, as a stroke of revenge or retaliation. Then one day under orders of the Federal Reserve Board, without warning, with the people and nonmember banks groping in darkness, the discount rate on bonds was raised and continued from two percent to as high as 85 percent in some farm banks. Reserve banks then began selling bonds and securities until 1 1/2 billion dollars in currency and 10 1/2 billion dollars in credit money was withdrawn from the money supply in eight months.

Under the law of money, the value of money and property of these manipulators doubled, and even tripled. On the other hand the law of money, through the contraction of money, forced farm values down, cut earnings in half, making interest, debts, taxes and mortgages twice as burdensome. The loss to farmers alone in this deliberate deflation was more than $50 billion, or nearly double the cost of American participation in World War I.

Six thousand banks failed in three years (before the crash Chicago had 223 banks and after the crash had only 56), there were 16,500 commercial failures in 1923 which increased until the total reached 40,000 in 1932; the wheels of industry slackened and brought unemployment, the buying and consuming power of many millions was destroyed. The fatal circle of hard times, wants, suffering and distress in the midst of plenty and abundance was realized and complete.

The chairman of Reconstruction Finance Corporation, Jesse H. Jones, admitted:

> *"In the beginning a few bankers were actually selfish enough to be willing to see their competitors fail, but when the fire began to spread, the biggest and strongest were appealing to the government that something be done to save the situation."*

These big bankers knew the effects of their contraction of credit because W. P. G. Harding, chairman of the secret meeting said:

> *"We all know that if the bankers in any community large or small, were to clasp the screws on tight, they could bring disaster upon the community, which might spread to other communities."*

When this group of bankers were told by John S. Williams, comptroller of the currency, of the distress that would befall the farmers, the big bankers said:

> *"They (the farmers) ought to be ruined; they are getting so prosperous they won't work!"*

Anyone who has ever observed the daily routines of both bankers and farmers knows that farmers do more work before the bankers leave their beds than the bankers do all day—a day which the bankers conclude long before the farmers do their burdensome chores. But the important point is not in the falsity of the statement as much as it is in the assumption that the banker has a right to punish the farmer for not working if he doesn't want to. It is made all the more irksome because the farmer is the world's most important, fundamental and dependable producer, while the banker not only produces nothing but is the world's most gigantic parasite.

Some day the farmer will learn enough of such statements that the big banker will find himself doing a little honest labor, either on a securely inclosed, heavily guarded institutional

rockpile, or at some respectable profession on the outside. After all, other counterfeiters and forgers are prosecuted, why not the private bankers who make money with a stroke of the pen and redeem it from other people's pockets.

Finly H. Gray rightly observed that:

> *"This depression is not a mystery; it is a conspiracy, a deep-laid criminal plot. No pirates boarded a merchant ship to scuttle and sink the vessel, no highway robbers ever rode masked, no banded burglars ever blew a safe with more deliberate criminal intent than the international financiers and banners who maneuvered from afar or pulled the manipulating wires from behind closed doors and closed curtains, directing their tools and puppets in the secret banker's meeting and on the Federal Reserve Board, fawning to do their will and bidding."*

Charles A. Lindbergh, Sr., stated the situation in a single sentence. Said he:

> *"Under the Federal Reserve Act, panics are scientifically created; the present (1920) is the first scientific one, worked out as we figure a mathematical problem."*

From "The Hidden Power of Money," by Kiser, we read:

> *"By relating these incidents I think we can get a very clear picture of what actually happened at the Secret Bankers' Meeting on May 18, 1920, which was held primarily to appease the feelings of English money racketeers who were jealous of America's financial condition at that time. Certainly this single event, if no other of similar character had ever occurred, should enable us to understand the destructive features of the Federal Reserve Act—to grasp the significance of the Hidden Power of Money."*

The panic of 1929 was planned as a “coup de grace” of the movement started in that secret meeting in 1920. The stock market indicates but does not cause business conditions. When the market crashed the panic had struck. On October 24, 1929, at 11:00 o’clock hundreds of thousands of shares in hundreds of issues were offered for sale “at the market.” It was no mere coincidence that everyone decided to sell at the same instant or that they all decided to sell at the market. International bankers who knew the day and the hour the collapse would come began to liquidate after the Hatry failure in London a month previously. European sellers of securities converted into cash and transferred their balances abroad.

From 1929 to 1932 money created for loan-making by the Federal Reserve Board shrank $17.2 billions and 10,111 banks either failed or were taken over by other banks. Despite the relatively small number of Federal Reserve banks they “owned” most all the bank deposits in the country.

While our people suffered and the nation was almost ruined, three European nations benefited. While our government Liberty Bonds, bought “till it hurts” at 100 cents on a dollar, were sold at “bargain prices,” these dear allies of ours who since contemptuously repudiated their war debts to us, had representatives on our exchanges. The presence of these agents was euphemistically described as in harmony with our food administrator’s plan to “give cheap food to Europe.” After commodity prices catapulted downward they cashed in and with part of the profits they had cleverly stolen from the farmers, they bought 146 million bushels of our wheat, took the wheat and surplus profits back to Europe.

The United States was helpless. It was, and is, the victim of Wall Street bankers who had long ago lost their American identity by their huge foreign investments and who drive the American people to any sacrifices, even to wars, to protect those investments.

Arthur Kitson, whose work “The Bankers Conspiracy” was suppressed, said in “Trade Fallacies” concerning the collapse of 1929:

> *“As in England so in the United States the Government came to the rescue. The generosity of the government saved the banks as usual, at public expense. The entire credit of the nation was placed at the disposal of the banks, which enabled them to open their doors, resume business and avoid receivership….*
>
> *“The present banking business of this country (England) which is practically a monopoly (as in the United States), is an extremely lucrative one, and is due to the special privileges granted by law….”*

This Act of international financial intrigue may be summarized as follows: The time, late 1929; the location, Wall Street; the plot, strangulation of national financial resources; directed by greed; produced by withdrawal of billions of ledger money, the cast, a small group of international cut-throats who went unpunished.

William Lemke, Congressman from North Dakota, rightly said of this panic:

> *“This panic was caused by men. It is within the comprehension of men, can be analyzed and solved by men, can be remedied and relieved by men.”*

Franklin D. Roosevelt was elected President in 1932, while the nation was at its lowest ebb. Never before in America’s history did a man have such an opportunity to demonstrate statesmanship. The nation was behind him more unanimously than it was ever behind one man before. The course was all his without interference; he had but to lead, all America was ready to follow. It was with great enthusiasm and a burning hope that the author pondered his words:

> *“Sixty families in America control the wealth of the nation…. One-third of the nation’s population is ill-housed, ill-fed and ill-clad…. I intend to drive the money changers from the Temple.”*

But he did not. The banking acts passed under the “New Deal” further intrenched the money changers’ power and increased the profits of the international manipulators of money.

The Banking Act of 1933 legislated that all earnings of the Federal Reserve Banks must by law go to the banks themselves. Before this time the U. S. Government was supposed to participate in the distribution of profits. This Act made the debts (bonds) of the United States the sole basis for issuance of private Federal Reserve Notes.

The Federal Deposit Insurance Corporation was created by the same enactment. This purposely misled innocent depositors. It caused us all to believe that our Government guarantees all our deposits up to $5000 per individual account. The fact is, however, that the amount of insurance money subscribed by the Government is only $150 million. This cannot possibly guarantee bank deposits of almost $15,000,000,000. It is just one hundred times short of that goal. The real purpose of this bureau is probably to give the internationalists the excuse to arbitrarily examine most closely the status of the nation’s financial activities.

The Gold Bill of 1934 was a masterpiece of financial infamy. People were told the country was nationalizing gold. All gold was taken under penalty from every citizen in the nation and given to the Federal Reserve Banks to whom it now belongs.

Congressman Wright Patman said in a speech in Congress, after bank note currency was made lawful money and the gold and gold certificates were taken out of circulation:

> *“The bankers have had every scheme they can possibly*

visualize, that will enable them to exploit the citizens, enacted into law, except to be allowed to distribute among themselves the surplus funds in the Federal Reserve banks. They will likely slip this over in the future."

A silver provision in this bill gave the President authority to provide for the unlimited coinage of silver at a ratio fixed by such terms and conditions as he may desire. Actually, Roosevelt used this to injure rather than help the people: It has permitted internationalists to sell silver and receive payment in gold through the Stabilization Fund. Silver was drawn out of China to force the Chinese to use Bank of England paper notes as a base for their money.

The Banking Act of 1935 gave full voice in management to the Federal Reserve Board. The member banks (the real owners of the system because they have all its stock) have nothing to say in deciding the policies of the system and must follow the dictates of the board. Furthermore the central Federal Reserve Banks are permitted to loan directly to industry, thereby going into competition with its member banks whose money was paid into the capital stock of the Federal Reserve Banks.

The Stabilization Fund has been kept a mystery as far as its functions were concerned. When the extension of this Bill came up for debate in the Senate in 1936, our elected Senators were unable to get any information about the measure from the Secretary of the Treasury. The Bill was jammed through in sort of a "vote of confidence" fashion. However, a British economist speaking at the University of Pennsylvania praised the stabilization fund in operation between England and the United States. He said that while the operations were conducted in secret, they were returning huge profits, a large part of which had been given the Bank of England in the form of gold (When the United States arbitrarily raised the price of gold to a highly inflated price of $35 an ounce, it all came back to America at another profit to the Bank of England.

This government buried the gold in a hole in Kentucky.) It takes a British visitor to tell us of the benefits of the stabilization fund. The principal objection is that the benefits went to England at American expense when Americans were so badly in need of a few benefits and were led to believe “our great president” was giving us a few. The stabilization fund was used to stabilize the English pound, and later the French franc, but not the American dollar.

Winston Churchill says Roosevelt was greater than Washington or Lincoln. His judgment is not without bias, however. Washington and Lincoln whipped hell out of the English and their schemes, while Roosevelt gave the “blood, sweat and tears” of this nation (to say nothing of money) that England might continue to enslave her far flung Empire without competition from Germany. Churchill only measures one’s greatness by what he does for England and there is no argument against the fact that Roosevelt was the best President Britain, the deadbeat Empire, ever had.

The disease of, acting for Europe first to our own disadvantage is probably the strangest and most inexplicable perverted psychosis ever to hypnotize a free nation Its origin is easily traced to the machinations of international finance. It might have supplanted the natural sense of patriotism when international finance converted F. D. R. who held the nation captive through the medium of hero worship rather than accomplishments. Placing one’s faith in a man is dangerous but most people would hesitate to say it is that dangerous.

Many Republicans espoused the same heresy but not before Roosevelt made it popular, nor before those financial interests Roosevelt echoed began naming Republican as well as Democratic candidates. For that matter, Democrats were some of the first and loudest voices in nominating Willkie and Dewey for the Republicans. They could then turn around and make fun of the ridiculous “me too” philosophy of the Republican candidates.

The placing of faith in principles rather than men can lead to goals far apart. The author knows from personal experience. When Franklin Roosevelt took office this writer ardently placed his faith in the program of driving the money changers from the temple—not in Roosevelt because it was his program. As long as Roosevelt supported that principle of rectifying our financial ills the author was a Roosevelt man. When the President proceeded in exactly opposite directions from those he pledged himself to follow, this writer, because he pinned his credence in principles, still favored driving the money changers from the temple which was at opposite ways from those of the President. Had he placed his faith in this man Roosevelt he would have ended up being an ardent internationalist propagandist—far from the course pursued in this work.

It was tragic that the internationalist tenets of Franklin D. Roosevelt were not buried under in the landslide defeat they received when he ran for Vice President with Cox as the Presidential candidate in 1920. It looked at that time as if the Internationalist control of America was buried forever in spite of over 1000 speeches Roosevelt made in favor of international intervention in the campaign of 1920. It was this display which made him the darling of the big bankers who waited until the voters' memory was allayed to bring him forth from under their wraps as their champion twelve years later at a well-timed strategic moment.

It is hoped that some day in the near future the full story of financial interests in the formation of monopolies will be told. The monopoly of monopolies is the private control over money. It is the magic key that permits all other monopolies.

Senator Borah of Idaho once inserted in the Congressional Record the following list compiled from data secured from the Federal Trade Commission:

"In banking, 1 percent of the banks control 89 percent of the

resources of this country. In matches, two companies dominate the field. In moving pictures, three companies dominate the field. In natural gas three companies dominate the field. In electric power, four groups dominate the field. In bread, four companies have 25 percent of production. In meat packing, two companies have 50 percent of production. In steel, nine companies have 80 percent of mill capacity, of which United States Steel has 40 percent. In glass, four companies dominate production. In sulphur, two companies control all the production. In rubber, four companies dominate the field. In anthracite coal, eight companies produce 80 percent of the total tonnage in the country. In farm implements, International Harvester has 50 percent of the United States production. The Ford and General Motors Companies have 75 percent of the United States auto production. The International Nickel Company owns 90 percent of the world reserves. The American Telephone and Telegraph Company owns 80 percent of the United States telephone service. The Western Union Company owns 75 percent of the United States telegraph service. The United States Steel Corporation owns 75 percent of the iron ore reserves in the United States.

“Five percent of the water power companies control 75 percent of developed water power. Five percent of the anthracite companies own 78 percent of all recoverable tonnage. Five percent of bituminous companies own 60 percent of all recoverable tonnage. Five percent of iron and steel companies own 95 per cent of the iron ore reserves in the country. Five percent of the copper companies own 55 percent of the copper reserves. Five percent of the petroleum companies own 50 percent of the petroleum reserves. Five percent of the mining companies produce 60 percent of all mine products. Five percent of manufacturing companies produce 65 percent of the value of manufactures. Five percent of the wholesale establishments do 45 percent of all wholesale business. Five percent of the retail establishments do 45 percent of all retail business. Fire percent of all corporations receive 86

percent of all corporate income. Five percent of all corporations own 77 percent of all corporate assets."

No wonder that far-seeing patriot, Thomas Jefferson, made the prophetic statement:

> *"If the American people ever allow private banks to issue their money, first by inflation and then by deflation, the banks and the large corporations that will grow up around them will deprive them of all their property, and their children will wake up homeless on the continent their fathers conquered."*

Justice Louis D. Brandeis made another valuable contribution to truth and knowledge when he wrote:

> *"The dominant element in our financial oligarchy is the investment banker. Associated banks, trust companies and life insurance companies are his tools. Controlled railroads, public service and industrial corporations are his subjects. Through properly put middlemen, these bankers bestride as masters America's business world, so that practically no large enterprise can be undertaken successfully without their participation or approval. These bankers are, of course, able men possessed of large fortunes; but the most potent factor in their control of business is not the possession of extraordinary ability or huge wealth. The key to their power is Combination—concentration intensive and comprehensive—advancing on three distinct lines:*
>
> *"First: There is the obvious consolidation of banks and trust companies; the less obvious affiliations—through stockholdings, voting trusts and interlocking directorates—of banking institutions which are not legally connected; and the joint transactions, gentlemen's agreements, and "banking ethics" which eliminate competition among the investment bankers.*

"Second: There is the consolidation of railroads into huge systems, the large combinations of public service corporations and the formation of industrial trusts, which by making businesses so "big" that local, independent banking concerns cannot alone supply the necessary funds, has created dependence upon the associated New York bankers.

"But combination, however intensive, along these lines only, could not have produced the Money Trust—another and more potent factor of combination was added.

"Third: Investment bankers, like J. P. Morgan & Co., dealers in bonds, stocks and notes, encroached upon the functions of the three other classes of corporations with which their business brought them into contact. They became the directing power in railroads, public service and industrial companies, through which our great business operations are conducted—the makers of bonds and stocks. They became the directing power in the life insurance companies, and other corporate reservoirs of the people's savings—the buyers of bonds and stocks. They became the directing power also in banks and trust companies—the depositories of the quick capital of the country—the life blood of business, with which they and others carried on their operations. Thus four distinct functions, each essential to business, and each exercised, originally, by a distinct set of men, became united in the investment banker. It is to this union of business functions that the existence of the Money Trust is mainly due."

The words of Pope Pius XI therefore stand out as bold and unshakable as Truth itself. He wrote:

"It (concentration of power) leads to a threefold struggle. First, there is the struggle for dictatorship in the economic sphere itself (sometimes called the monopolization of industry.) Second, there is the struggle to acquire control of the nation, so that its wealth and political power may be

abused in the economic circle. Thirdly, there eventuates international warfare.”