The Federal Reserve Conspiracy

By Anthony Sutton

Overview

The Federal Reserve Conspiracy by Antony C. Sutton explores the history and impact of the Federal Reserve System (Fed) in the United States. Sutton argues that the Fed is a private money monopoly established by bankers to control the nation's money supply and financial system, often at the expense of the public interest. The book traces the origins of the Fed, its unconstitutional creation, and its ongoing influence on the U.S. economy and politics. Sutton presents evidence of the Fed's ties to powerful banking interests and its role in perpetuating a system that benefits the financial elite.

Chapter 1: The Bankers' Bank

In the first chapter, Sutton introduces the Federal Reserve System as a private bank owned by banks, operating with minimal oversight and accountability. He emphasizes the secrecy surrounding the Fed's operations and the lack of public understanding of its true nature and power.

Sutton explains that the Fed has the ability to create money out of nothing, either through credit creation or by printing notes that are sold to the Fed by the Treasury. This power allows the Fed to control the money supply and influence the economy without being subject to the same scrutiny as other government agencies.

Key quote: "The Federal Reserve has the power to create money. This money is fiction, created out of nothing. This can be money in the form of created credit through the discount window at which other banks borrow at the discount rate of interest or it can be notes printed by the Treasury and sold to the Fed and paid for by Fed-created funds."

Sutton argues that the Fed's structure, with its twelve regional banks and a Board of Governors appointed by the President, gives the illusion of public control while actually serving the interests of the banking elite. He points out that the Fed's meetings are always secret, and its decisions can have far-reaching effects on the economy, financial markets, and the lives of ordinary citizens.

The chapter also delves into the history of central banking in the United States, tracing its roots back to the First Bank of the United States and the Second Bank of the United States. Sutton explains how these early central banks faced opposition from presidents like Thomas Jefferson and Andrew Jackson, who believed that a private banking monopoly would threaten the liberty and property rights of the American people.

Sutton concludes the chapter by emphasizing the need for greater public awareness and scrutiny of the Federal Reserve System. He argues that the Fed's unchecked power and lack of accountability pose a significant threat to the economic well-being and freedom of the United States.

Chapter 2: Thomas Jefferson and The Money Power

In this chapter, Sutton examines the views of the Founding Fathers, particularly Thomas Jefferson, on banks and the money power. He discusses the clash between Alexander Hamilton, who favored a private banking monopoly, and Jefferson, who believed that such a monopoly would deprive people of their property and liberty.

Sutton begins by outlining the key features of Hamilton's proposal for the First Bank of the United States, which included a 30-year charter, exemption from taxation, and the sole right to issue currency. He then presents the objections raised by James Madison and William McClay, who argued that the bank would benefit a privileged few at the expense of the public and that the profits should belong to the government.

The chapter then focuses on Thomas Jefferson's opposition to the concept of a private banking monopoly. Sutton quotes Jefferson's famous warning:

"If the American people ever allow the banks to control the issuance of their currency, first by inflation and then by deflation, the banks and corporations that will grow up around them will deprive the people of all property until their children will wake up homeless on the continent their fathers occupied. The issuing power of money should be taken from the banks and restored to Congress and the people to whom it belongs."

Sutton explains how Jefferson's vision of a republic comprised of small property-owning citizens with a sense of civic awareness was at odds with the centralization of financial power promoted by Hamilton and his allies. He argues that Jefferson's concerns about the dangers of a private money monopoly were prescient and remain relevant today.

The chapter also discusses the establishment of the Second Bank of the United States and President James Madison's veto of its charter renewal in 1811. Sutton presents Madison's message to Congress, which emphasized the unconstitutionality of the bank and its potential to create a money monopoly that would benefit a few at the expense of the many.

Sutton concludes the chapter by highlighting the ongoing struggle between the Jeffersonian-Jacksonian tradition, which sought to limit the power of banks and preserve individual liberty, and the Hamiltonian view, which favored a centralized banking system controlled by a financial elite. He argues that this struggle continues to shape American politics and economics to this day.

Statistics:

- The First Bank of the United States had the sole right to issue currency, was exempt from taxation, and the U.S. government was ultimately responsible for its actions and debts.

Chapter 3: Andrew Jackson - The Last Anti-Elitist President

In this chapter, Sutton portrays Andrew Jackson as the last U.S. president to fight against the money monopoly. He details Jackson's veto of the Second Bank of the United States charter renewal and his warnings about the dangers of a private banking monopoly.

Sutton begins by examining Jackson's political philosophy, which was rooted in the Jeffersonian tradition of limited government, individual liberty, and opposition to concentrated financial power. He quotes Jackson's first inaugural address, in which the president expressed his concerns about the constitutionality and expediency of the Second Bank of the United States.

The chapter then delves into Jackson's personal views on the bank, as expressed in a memorandum written in January 1832. Sutton highlights Jackson's argument that the

Constitution does not grant the federal government the power to charter a bank and that such a power cannot be exercised by implication. Jackson also warns of the corrupting influence of a great moneyed monopoly on the government and the people.

Sutton discusses the political struggle between Jackson and his opponents, including the bank's supporters in Congress and the media. He presents excerpts from Jackson's correspondence, which reveal the president's determination to fight against the "money power" and his belief that the bank issue was crucial to the preservation of democratic principles.

The chapter culminates in Jackson's veto of the Second Bank of the United States charter renewal in July 1832. Sutton quotes extensively from Jackson's veto message, which articulates the president's objections to the bank on constitutional, economic, and political grounds. Jackson argues that the bank is a private monopoly that benefits a privileged few at the expense of the many, and that its power to control the currency and credit of the nation poses a threat to the stability and prosperity of the country.

Key quote: "The bold effort the present (central) bank had made to control the government ... are but premonitions of the fate that await the American people should they be deluded into a perpetuation of this institution or the establishment of another like it." - Andrew Jackson, 1837

Sutton also presents Jackson's final message to the American people in March 1837, in which the president warns of the dangers of a private money monopoly and its ability to dictate the political and economic fate of the nation. He argues that Jackson's words were prophetic and remain relevant in light of the Federal Reserve System's power and influence today.

The chapter concludes by contrasting Jackson's anti-elitist stance with the rise of socialist ideas and manifestos in the mid-19th century. Sutton argues that while Jackson fought to preserve individual liberty and limited government, the socialist movement sought to concentrate power in the hands of a ruling elite, ultimately leading to the establishment of the Federal Reserve System.

Chapter 4: Roosevelt's Socialist Manifesto

In this chapter, Sutton introduces Clinton Roosevelt, a cousin of Franklin Delano Roosevelt, and his 1841 book "The Science of Government Founded on Natural Law." He argues that this book is a socialist manifesto that advocates for a totalitarian government run by an elitist aristocratic group, similar to the ideas later proposed by Karl Marx.

Sutton begins by providing background information on Clinton Roosevelt, highlighting his family connections to the banking Roosevelts and his relation to notable figures such as Theodore Roosevelt, John Quincy Adams, and Martin Van Buren. He then presents key excerpts from Clinton Roosevelt's book, which outline a vision for a society in which individual rights are subordinated to the collective good and power is concentrated in the hands of a ruling elite.

The chapter examines the similarities between Clinton Roosevelt's ideas and those of Karl Marx, particularly in terms of the centralization of power, the abolition of private property, and the creation of a planned economy. Sutton quotes directly from "The Science of Government," revealing Clinton Roosevelt's proposals for a system in which individuals are assigned to specific classes and occupations based on their abilities, with a "Grand Marshal" and a court of experts making all appointments and decisions.

Sutton also draws parallels between Clinton Roosevelt's vision and the later policies of Franklin Delano Roosevelt's New Deal, arguing that both sought to expand government control over the economy and society. He suggests that the Roosevelt family's long-standing connections to banking and political power helped to shape the ideological foundations of the New Deal and the modern welfare state.

Key quote: "Clinton Roosevelt was a 19th-century cousin to Franklin Delano Roosevelt, and incidentally also related to President Theodore Roosevelt, John Quincy Adams, and President Martin Van Buren."

The chapter concludes by discussing the influence of socialist ideas on American politics and economics in the late 19th and early 20th centuries. Sutton argues that the rise of Marxism and other socialist doctrines provided intellectual justification for the concentration of power in the hands of a ruling elite, paving the way for the establishment of the Federal Reserve System and other centralized institutions.

Chapter 5: Karl Marx and His Manifesto

In this chapter, Sutton examines the connections between Karl Marx, his Communist Manifesto, and the financial elite. He argues that the Money Trust funded Marx to create a socialist manifesto that would consolidate power for the elite while claiming to help the working class. Sutton also reveals that Marx plagiarized the Manifesto from French socialist Victor Considerant.

The chapter begins by presenting the ten points of Marx's Communist Manifesto, which Sutton argues are aimed at destroying the middle class and consolidating power for the elite. These points include the abolition of private property, the centralization of credit and communication in the hands of the state, and the establishment of industrial armies and public education.

Sutton then delves into the history of Marx's intellectual development and his connections to wealthy benefactors. He presents evidence that Marx was funded by American bankers and businessmen, including a letter from Jean Laffite, a Louisiana pirate and courier for American banking interests, which discusses financing for Marx and Engels to help bring about a revolution of the working class.

The chapter also examines Marx's collaboration with Friedrich Engels, noting the sloppiness and bias in Engels' work, particularly in his book "The Condition of the Working Class in England." Sutton argues that both Marx and Engels were willing to distort facts and manipulate data to advance their political agenda.

A significant portion of the chapter is devoted to exposing Marx's plagiarism of the Communist Manifesto from Victor Considerant's "Principles of Socialism: Manifesto of the Democracy of the Nineteenth Century." Sutton quotes extensively from an obscure book by W. Tcherkesoff, which provides a detailed comparison of the two works and demonstrates that Marx copied both the ideas and the structure of Considerant's manifesto.

Key quote: "The great Marx, the adored Marx, rates no more than a third-rate school boy!"

Sutton argues that Marx's plagiarism and his reliance on wealthy benefactors reveal the true nature of his work as an instrument of the financial elite. He suggests that the Communist Manifesto was not intended to benefit the working class, but rather to provide a blueprint for the concentration of power in the hands of a ruling elite.

Statistics:

- The Communist Manifesto contains ten points aimed at destroying the middle class and consolidating power for the elite.

The chapter concludes by discussing the lasting impact of Marxist ideas on global politics and economics. Sutton argues that the Communist Manifesto has become one of the most influential documents of the 20th century, shaping the policies of governments and institutions around the world. He warns that the continued adoption of Marxist principles, often under the guise of progressive or socialist reforms, threatens to undermine individual liberty and concentrate power in the hands of a small elite.

Chapter 6: Abraham Lincoln - The Last President to Fight the Money Power

In this chapter, Sutton focuses on Abraham Lincoln's struggle against the money monopoly during the Civil War. He discusses Lincoln's legal tender bill, which aimed to give the Federal Government the power to issue currency and pay off debts without allowing the private money monopoly to profit from the public purse. Sutton also reveals the influence of international bankers on U.S. politics during this period.

The chapter begins by outlining the financial challenges faced by the Union government during the Civil War, including the shortage of coin and the unwillingness of private banks to meet the needs of the Union Army without personal gain. Sutton explains how Lincoln, in the Jeffersonian-Jacksonian tradition, sought to assert the government's right to issue currency and resist the power of the banking interests.

Sutton then examines Lincoln's legal tender bill of 1862, which proposed issuing $150 million in United States notes as full legal tender. He presents the arguments made by Lincoln's Secretary of the Treasury, Salmon P. Chase, and Senator John Sherman in support of the bill, emphasizing the necessity of a national currency to finance the war effort and provide economic stability.

The chapter also delves into the opposition to Lincoln's policies from the New York banking interests and their allies in Congress. Sutton highlights the role of Senator John Sherman, who publicly supported the legal tender bill but privately worked to undermine it and promote the interests of the banking elite. He presents evidence of Sherman's double-dealing, including a letter to the Rothschild Brothers in London discussing the potential profits to be made from the National Banking Act.

Key quote: "The Money Trust was legalized in 1913 as the Federal Reserve System, a suitably innocuous name that disguises the fact that it is a private central bank."

Sutton then examines the passage of the National Banking Act of 1863, which he argues was a concession to the banking interests and a step towards the centralization of financial power. He presents the critiques of the act from Jeffersonian-Jacksonian Democrats, who warned that it would create an even greater money monopoly than the Bank of the United States.

The chapter also discusses Lincoln's personal views on bankers and the money power, including his famous quote comparing them to eagles gathered around a carcass. Sutton argues that Lincoln's opposition to the centralization of financial power was rooted in his commitment to the principles of the American Revolution and his belief in the sovereignty of the people.

Statistics:

- During the Civil War, government debt to banks grew by $28 million, or 66%, in just 16 months.

The chapter concludes by assessing Lincoln's legacy in the struggle against the money monopoly. Sutton argues that Lincoln was the last U.S. president to effectively resist the power of the banking interests, and that his assassination in 1865 marked a turning point in the consolidation of financial power in the United States. He suggests that the Money Trust, having failed to defeat Lincoln during his lifetime, sought to rewrite history and erase his opposition to their agenda.

Chapter 7: The Money Trust Creates The Fed

In this chapter, Sutton details the rise of the Money Trust in the late 19th and early 20th centuries, focusing on the influence of J.P. Morgan and his allies. He discusses the 1907 financial panic, engineered by the Money Trust to create a public demand for a central bank, and the pivotal role of German banker Paul Warburg in promoting a central banking system in the U.S.

The chapter begins by examining the concentration of economic power in the hands of a few wealthy financiers, such as J.P. Morgan, the Rockefeller brothers, and Edward Harriman. Sutton presents evidence from contemporary sources, including John Moody's "The Truth About Trusts," which demonstrates the pervasive influence of these bankers over major industries and the U.S. economy as a whole.

Sutton then delves into the 1907 financial panic, arguing that it was deliberately triggered by the Money Trust to create a public demand for a central banking system. He focuses on the role of J.P. Morgan in precipitating the crisis by attacking the interests of rival banker Frederick Augustus Heinze and his associates. Sutton presents quotes from the 1912 Pujo Committee investigation, which concluded that the Money Trust posed a grave threat to competition and economic stability.

The chapter also introduces Paul Warburg, a German banker who played a key role in promoting the idea of a central bank in the United States. Sutton traces Warburg's career and his connections to the European banking elite, highlighting his role in shaping the Federal Reserve Act of 1913.

Key quote: "The development of our financial oligarchy, ...with which the history of political despotism has familiarized us - usurpation proceeding by gradual encroachment rather than by violent acts; and by 'subtle and often long concealed concentration.'" - Justice Brandeis

Sutton then examines the political influence of the Money Trust, focusing on the rise of Woodrow Wilson and his connections to Wall Street financiers. He presents evidence of Wilson's close ties to bankers such as Cleveland Dodge and his reliance on their financial support during his presidential campaign.

The chapter concludes by discussing the "Aldrich Plan," a proposal for a central banking system drafted by Senator Nelson Aldrich, the father-in-law of John D. Rockefeller, Jr. Sutton argues that the Aldrich Plan was a precursor to the Federal Reserve Act and represented the interests of the Money Trust in establishing a private banking monopoly under the guise of public control.

Chapter 8: The Jekyll Island Conspiracy

In this chapter, Sutton reveals the secret meeting of six prominent Wall Street financiers on Jekyll Island in 1910, where they mapped out plans for a central banking system in the U.S. He argues that this meeting was a conspiracy to create a private money monopoly disguised as a public institution.

The chapter begins by introducing the six conspirators: Senator Nelson Aldrich, Paul Warburg, Henry P. Davison, Benjamin Strong, Frank Vanderlip, and Charles D. Norton. Sutton explains how these men represented the interests of the Rockefeller, Morgan, and Kuhn Loeb financial dynasties, and how they sought to use their influence to shape the future of the American monetary system.

Sutton then presents a detailed account of the secret meeting on Jekyll Island, drawing on the firsthand testimony of Frank Vanderlip, one of the participants. He highlights the extraordinary measures taken by the conspirators to maintain secrecy, including the use of first names only, the avoidance of last names on the train journey, and the complete isolation of the group on the island.

Key quote: "Discovery, we knew, simply must not happen, or else all our time and effort would be wasted. If it were to be exposed publicly that our particular group had gotten together and written a banking bill, that bill would have no chance whatever of passage by Congress." - Frank A. Vanderlip, President, First National City Bank

Sutton argues that the true purpose of the Jekyll Island meeting was to devise a plan for a central banking system that would serve the interests of the Money Trust while appearing to be a public institution. He presents evidence of the conspirators' desire to avoid any association with Wall Street and their fear that public knowledge of their involvement would doom the project.

The chapter also delves into the life and career of Paul Warburg, the intellectual architect of the Federal Reserve System. Sutton traces Warburg's background in European banking and his early advocacy for a central bank in the United States, highlighting his connections to the Kuhn Loeb financial dynasty and his role in shaping the Federal Reserve Act.

Sutton then examines the Aldrich Plan, the product of the Jekyll Island meeting, and its similarities to the eventual Federal Reserve Act. He argues that the Aldrich Plan was a blueprint for a private money monopoly, designed to concentrate financial power in the hands of a few wealthy bankers while maintaining the illusion of public control.

The chapter concludes by discussing the public relations campaign undertaken by the Money Trust to promote the idea of a central bank and to conceal their own involvement in the process. Sutton presents evidence of the bankers' behind-the-scenes influence on politicians and the media, and their efforts to manipulate public opinion in favor of their agenda.

Chapter 9: The Money Trust Cons Congress

In this chapter, Sutton provides a detailed account of the unconstitutional passage of the Federal Reserve Act in December 1913, highlighting the deception and manipulation employed by the Money Trust to push the bill through Congress without proper debate or public understanding.

The chapter begins by examining the initial passage of the Federal Reserve Act in the House of Representatives, where it was known as the Glass Bill. Sutton emphasizes the speed and lack of debate surrounding the bill's passage, noting that most congressmen had no idea what the bill contained and that no amendments were permitted.

Sutton then follows the progress of the bill in the Senate, where it became known as the Owen Bill, named after Senator Robert Latham Owen, a banker and major stockholder in the First National Bank of Muskogee. He presents evidence of the behind-the-scenes pressure exerted by the Democratic Party leadership and the Wilson administration to ensure that opposition to the bill was minimized and that no substantial changes were made.

The chapter also delves into the personal and financial connections between key members of Congress and the banking interests behind the Federal Reserve Act. Sutton highlights the conflicts of interest of Senator Owen and Congressman Carter Glass, both of whom had significant ties to the banking industry and stood to profit from the bill's passage.

Key quote: "This Act established the most gigantic trust on earth. When the President signs this bill, the invisible government by the Monetary Power will be legalized. The people may not know it immediately but the day of reckoning is only a few years removed..." - Congressman Lindbergh, December 23, 1913

Sutton then provides a detailed timeline of the final days of the Federal Reserve Act's passage, focusing on the extraordinary speed and lack of transparency surrounding the reconciliation of the House and Senate versions of the bill. He presents evidence of secret meetings, backroom deals, and the exclusion of opposition voices from the process.

The chapter also examines the role of President Woodrow Wilson in the passage of the Federal Reserve Act, arguing that Wilson was a willing tool of the Money Trust and that his public statements in support of the bill were deeply misleading. Sutton presents quotes from Wilson's private secretary, Joseph Tumulty, suggesting that the president was unaware of the true nature and implications of the Act.

Sutton concludes the chapter by assessing the historical significance of the Federal Reserve Act and its implications for American democracy and economic freedom. He argues that the passage of the Act represented a major victory for the Money Trust and a betrayal of the public interest, setting the stage for a century of financial manipulation and control by a private banking cartel.

Statistics:

- The Federal Reserve Act was passed by the House of Representatives on September 18, 1913, by a vote of 287 to 85, without amendments or significant debate.
- The Senate passed the Federal Reserve Act on December 19, 1913, by a vote of 54 to 34, after just 4 1/2 hours of debate.
- The final version of the Federal Reserve Act was passed by the House on December 22, 1913, by a vote of 298 to 60, less than 24 hours after the conference committee had reconciled the House and Senate versions of the bill.

Chapter 10: The Federal Reserve Today

In the final chapter, Sutton examines the Federal Reserve's ongoing role in regulating the money supply and supervising commercial banks. He argues that the Fed continues to serve the interests of the financial elite, operating with minimal oversight and accountability.

The chapter begins by outlining the structure and functions of the modern Federal Reserve System, including its twelve regional banks and its Board of Governors. Sutton emphasizes the private ownership of the Fed and its status as a "bankers' bank," highlighting the concentration of power in the hands of a few influential financial institutions.

Sutton then presents evidence of the revolving door between the Federal Reserve and major banks, focusing on the career of Paul Volcker, former Chairman of the Federal Reserve. He traces Volcker's movements between the Fed, Chase Manhattan Bank, and various government positions, arguing that this pattern of revolving door appointments ensures that the interests of the banking elite are always represented at the highest levels of monetary policymaking.

The chapter also examines the Fed's role in shaping international monetary policy, particularly through its influence on the Bretton Woods system and the International Monetary Fund. Sutton argues that the Fed has consistently promoted policies that benefit the financial elite at the expense of national sovereignty and economic stability.

Key quote: "Quietly, without fanfare - and with the vast bulk of citizens unaware - the world bankers have been building an international money machine: an international Federal Reserve System with power to control the world's financial and economic system."

Sutton then delves into the Fed's response to economic crises, including the 2008 financial crisis and the COVID-19 pandemic. He argues that the Fed's actions, such as quantitative easing and bailouts of major financial institutions, have primarily served to protect the interests of the banking elite while exacerbating wealth inequality and economic instability.

The chapter concludes by assessing the prospects for reform or abolition of the Federal Reserve System. Sutton argues that the entrenched power of the banking elite and the lack of public understanding of the Fed's true nature make significant change unlikely without a major populist uprising. However, he emphasizes the importance of education and activism in exposing the Fed's unconstitutional and undemocratic nature and in building support for alternative monetary systems that prioritize the public interest over private gain.

Conclusion

In the conclusion, Sutton summarizes the key arguments and evidence presented throughout the book, reinforcing his central thesis that the Federal Reserve System is a private money monopoly that serves the interests of the banking elite at the expense of the American people and the Constitution.

Sutton reiterates the historical context of the Fed's creation, highlighting the role of the Money Trust in engineering financial panics and manipulating public opinion to create a demand for a central bank. He emphasizes the unconstitutional nature of the Fed's establishment and the deception and secrecy surrounding its passage through Congress.

The conclusion also stresses the ongoing impact of the Federal Reserve System on American politics, economics, and society. Sutton argues that the Fed's control over the money supply and its lack of accountability to the public have enabled the concentration of wealth and power in the hands of a small financial elite, while contributing to economic instability, inflation, and the erosion of individual liberty.

Sutton calls for a renewed public awareness of the Federal Reserve's true nature and a vigorous debate about alternative monetary systems that prioritize transparency, accountability, and the public interest. He encourages readers to educate themselves and others about the history and implications of the Fed and to support efforts to challenge its power and bring about meaningful reform.

The book ends with a warning about the dangers of complacency and a call to action for all those who value democracy, freedom, and economic justice. Sutton urges readers to join the struggle against the money monopoly and to work towards a future in which the power of money creation is returned to the people and their elected representatives.