

The Creature from Jekyll Island

G. Edward Griffin

This is a monster book in every sense. Must reading, as the financial world crumbles in 2015

The first sentence is "thick books can be intimidating." It is a tribute to the author that he has been able to arrange so much material in such a useful fashion. He addresses a number of themes which seem to have only very loose connection with one another, but pulls it together into a cohesive book.

A good place to start would be to read about the author, G. Edward Griffin in Wikipedia. It is not flattering, saying "he is the author of *The Creature from Jekyll Island* (1984) which promotes conspiracy theories about the Federal Reserve system."

There are a number of conspiracies described in the book, starting with the secret conclave that took place on Jekyll Island in 1910. The fact that it took place, and the secrecy surrounding it are well known. The conjecture as to what took place has to be based on the historical record after the fact. The Federal Reserve is a fact. The fact that Wilson was elected by virtue of Teddy Roosevelt's being induced to run on the Bullmoose party ticket is a fact. The legislative histories that he cites are fact.

He presents other stories, and theories as to what is behind them, which one will certainly not find in the average American history book: Andrew Jackson's fight with Biddle over the second national Bank of the United States. Some very interesting observations on Abraham Lincoln, strong pluses and strong minuses. The ongoing and hidden involvement of European bankers – yes, primarily Jewish – in the American economy. The hidden connections between eminently Protestant bankers such as J.P. Morgan and the Rockefellers and the European Rothschilds and Warburgs. The conspiracy to draw America into World War I through the sinking of the Lusitania in order to protect the interests of the European bankers. He describes the very close relations between England and the United States, and offers a theory that its efforts to protect British interests led the Federal Reserve to make policies which promoted the Great Depression. The same with regard to the American entry into World War II. Griffin provides extensive footnotes for his sources. He is modest enough not to claim absolute authenticity for most of these histories, but leaves it as a challenge for others to refute them or present more plausible explanations.

Going back to the Wikipedia entry, it appears to be contrived as a smear more than the source of information. It associates Griffin with other conspiracy theories. It labels him as an HIV/AIDS denier. The very colored word "denier" convinces me that the Wikipedia authors in turn hold a bias. It turns out that I have read and reviewed a book by one of the prominent such "AIDS deniers," Peter Duesberg. The book makes sense to me, and most telling, the Wikipedia entries for Duesberg and Nobel prize winner Kary Mullis, who wrote his forward, are similarly slanted. I assume if there were any reputable scientific research to refute them, it would be mentioned on Wikipedia. No – only ad hominem attacks against the authors. He raises my suspicion that Griffin, Duesberg and others are probably right in many or most particulars.

The Jekyll Island book was published in 1994 and has been through about 20 printings since. It is organized according to these general topics, according to the book's outline. These are Griffin's titles, augmented by my explanatory phrases:

1. What creature is this? – What is the Federal Reserve?
2. A crash course on money – gold, fractional reserve banking, fiat money.
3. The new alchemy – how bankers create something from nothing and grow Rich
4. A tale of three banks – the first three central banks of the United States
5. The harvest – the immense profits occurring to bankers from the Federal Reserve system
6. Time travel into the future – what the author foresaw in 1994.

We learn in the "crash course on money" that the United States currency was backed by silver until it was gradually phased out between the 1930s and the 1970s. In my youth there were silver certificates on which were printed the statement that the United States would exchange five dollars in silver for the certificate itself. Those are history. The first step was to reduce the amount of precious metals available to a fraction of the currency outstanding, followed by abandoning any backing by metals whatsoever. What we have had since Nixon is pure fiat money.

Griffin asserts that the way the system works is purposefully convoluted, in order that the common man not understand it well. The essence of money creation is as follows. The United States treasury needs money. It sells treasury bonds, receiving dollars in the present in exchange for a promise to repay at a stated interest rate sometime in the future. Five years is a common maturity. The Federal Reserve buys those treasury bills via an electronic transaction. No real money changes hands. The Federal Reserve books the treasury bills that it has as assets. It is then able to create offsetting liabilities by printing Federal Reserve notes. These circulate as money.

The mechanisms are far more varied than this, but the essence is that they create money from nothing. Actually, printed money is only a small fraction of the money in circulation. The mechanisms used to create bank credits are the same in that the banks make "something from nothing," but they are able to make vastly more of it.

Whichever mechanisms are used, the outcome is always the same – inflation. The government creates money for its use. As the amount of money in circulation grows more rapidly than the fundamental value of assets in society, the value of money shrinks. Today's dollar buys only two percent as much as it did when the Federal Reserve was created. Inflation is thus a hidden tax. The loss in the purchasing power of the fiat currency accrues to the benefit of the government. Griffin says that this tax amounted to about 50 percent over the period of World War I. It is an ideal tax because it is hidden and never subjected to a vote.

Griffin makes the theme repeatedly that the banks take advantage of the lack of financial sophistication on the part of the average person. Central banks control the availability of money, and interest rates. They are able to induce citizens to borrow by setting rates low, then force foreclosures by setting rates high in making money tight, leading to the inability to roll loans over and loss of the employment needed to service loans. The banks have an advantage over the bank customer. As I write, in 2015, the Federal Reserve has set interest rates so low that all investors who are obliged to seek a non-zero return – insurance companies, pensions, etc – are being forced into stocks. The PE ratios of stocks is at an all-time high, and the accounting tricks used to conjure them up are likewise at a peak. The federal government turns a blind eye to financial manipulation by others, since they themselves are so dependent on deception.

At another level, the major national banks have an advantage over local banks. Local banks, following standard banking practice, leverage their deposits and make loans totaling several times their asset base. When they get into trouble they have to turn to the big banks to bail them out. The big banks, on the other hand, have the Federal Reserve to back them up. The Federal Reserve has the power of the United States government. As has been witnessed in the crises of my lifetime, the savings and loan debacle and the crisis of 2007 come to mind, the government has simply created money to prevent the banks from failing. Big banks bail out little banks, and the taxpayer bails the big banks out.

This is a "heads I win, tails you lose" sort of proposition for the megabanks. As long as the federal government stands behind them, they cannot lose. In good times they make very strong profits and pay high salaries. In bad times the taxpayer shoulders the losses. This may come in the form of direct bailouts, inflation, or through other combinations of mechanisms.

Loans to sovereign entities are another issue altogether. Banks love them because they are large in size and quite profitable. There are fees to be made upon initiation. There is interest to be made as the loans are repaid. There is money to be made refinancing the loans when, as is almost inevitably the case, the borrower cannot service them. Griffin makes the case that the banks do not want to be repaid. They would like the loans to be rolled over forever. Witness what's happening in Greece today. The banks simply refuse to accept that Greece is bankrupt.

Griffin makes the case that the banks actually enjoy loaning money to profligate dictators like Zimbabwe's Robert Mugabe they know that he will steal the money, and that that will not be repaid. They will make their money renegotiating it, and being paid back through bailouts provided by the taxpayers of the rich countries. American taxpayers have bailed out any number of insolvent countries, enriching bankers in the process. In the most recent bailout of Greece, in this year 2015, I read that 80 percent of the funds went to banks, primarily Germans.

Griffin contends that bankers like war. He says that the international banks made loans to both alliances leading up to World War I, and actually encouraged war because war always increases business for bankers. This goes back to the foundation of the house of Rothschild, funding wars in Germany. When the five Rothschild sons moved to the capitals of Europe, they would often wind up funding both sides of a conflict. The bankers won regardless of the outcome of the war.

Critics charge Griffin with being anti-Semitic, but his charges are really anti-banker. He says that the bankers are rather bloodless sorts who have no affection for their customers and generally have no patriotism. They pursue profits regardless of human concerns. The fact that Jews are disproportionately represented in banking, and that Jews tend to have the intelligence that required to excel at the profession, is simply a circumstance.

The book hangs together remarkably well. Moreover, though it is twenty one years old it also describes today's situation extraordinarily well. Though the conspiracies described may not have all played out exactly as described, the gist seems to be on target. This is a book you will remember.... especially when the house of cards comes tumbling down. The foundations are shaking as I write.