

The Secret Meeting on Jekyll Island

How the Federal Reserve System was conceived

On the 23rd of December, 2013, the Federal Reserve System celebrated its 100th year since the Federal Reserve Act was signed into law by President Woodrow Wilson. It was chartered by an act of Congress, for a duration of twenty years, to be renewed in 1933 thereafter. This was one of the stated provisions in the act. However, this clause was invalidated, on the 25th of February, 1927, by Title 12 of the United States Code: *“to have succession after the approval of this Act until dissolved by Act of Congress, or until forfeiture of franchise for violation of law”*.

The Federal Reserve Act contained another provision that would restrict the powers of the bank not to derive capital by charging interest payments on money loaned, inflated out of a fraction of bank deposits (i.e. fractional reserve lending); but, this clause was amended, after the United States officially abandoned the gold standard. What is also significant is that its predecessors, the First Bank of the United States and the Second Bank of the United States, were also chartered with similar non-negotiable conditions, namely to: *“neither issue notes nor incur debts beyond its actual capitalization...”* and to *“be forbidden to buy government bonds...”*. Instead of keeping to those agreements, Congress rescinded the restrictions and widened the powers of the bank.

The partnership between the Federal Reserve System and the U.S. government needs to be properly understood to find out how this central bank could have circumvented its undesirable obstructions, as well as the origins behind its unscrupulous conception.

In May 1908, Congress passed the Aldrich-Vreeland Act that established the National Monetary Commission to study the causes of the Panic of 1907, as well as to propose legislation to reform banking. Senator Nelson Wilmarth Aldrich, a Republican Whip in the Senate, presided over the National Monetary Commission as the Chairman. The commission's official position had been one of scepticism concerning the big banks of New York, known as the "money trust". Unbeknown to members of the commission, Aldrich was plotting against them. Aldrich had in fact proposed a bill to Congress just so he could get this commission set up and make himself appear to be in opposition to the money trust when he was really a Trojan horse conspiring with the big banks; and, via this commission, push through his suggestions in the interest of the banking cartel.

In November 1910, a secret meeting took place off the coast of the state of Georgia on an exclusive resort known as Jekyll Island. The island was under private ownership in those days. The state of Georgia has since acquired it. The name of the resort was the Jekyll Island Club where millionaires [billionaires in today's money] practiced leisure activities such as e.g. golf, yachting. The resort also features, what these millionaires like to call, "cottages" [that could more appropriately be called mansions, comprising each of fourteen bathrooms], and furthermore, a clubhouse, where the secret gathering took place to restore a central bank for America.

The men who participated in this meeting were under strict instructions not to discuss anything relating thereto to the press and to deny everything if questioned. Only when the Federal Reserve System became firmly established were revelations first made.

Senator Aldrich sent his private railroad car to the New Jersey railroad station, where he and six other men would meet. The men in question were instructed to come one at a time, under conditions of great secrecy, and, were instructed not to be seen together, not to dine together on the night of their departure, and, not to tell anybody about their itinerary. They were to avoid newspaper reports. The secrecy continued after they got on board the railroad car. They were told to use first names only. Two of these seven men adopted codenames in the event that servants aboard the train would notice them.

The entire train journey, from New Jersey to Georgia, took two nights and a day on a thousand mile voyage to the south, eventually stopping at Brunswick in Georgia, and then onwards to the island by ferry. During the following nine days, they sat around a table, working out a plan of action on how to formulate their bill to Congress.

The seven participants in that meeting were:

- 1 Nelson Wilmarth Aldrich
- 2 Abram Piatt Andrew Jr.
- 3 Frank Arthur Vanderlip Sr.
- 4 Henry Pomeroy Davison
- 5 Charles Dyer Norton
- 6 Benjamin Strong Jr.
- 7 Paul Moritz Warburg

As already mentioned, Senator Nelson Aldrich was a Republican Whip in the Senate, and, was the Chairman of the National Monetary Commission (a special committee of Congress created for the purpose of proposing legislation to reform banking). Aldrich was a business associate of J.P. Morgan and a father in law to John D. Rockefeller Jr., who was the father of Nelson Aldrich Rockefeller (a former U.S. Vice-President).

Abram Andrew Jr. was a United States Representative from Massachusetts. He served as Assistant Secretary of the Treasury from 1910 to 1912, and later as a Congressman.

Frank Vanderlip Sr. was the president of National City Bank of New York, at the time the largest and most powerful bank in all of the United States.

Henry Davison was a banker. He was involved in the founding and formation of a big banking consortium called the Bankers Trust Company and, in 1909, became a senior partner at J.P. Morgan & Company.

Charles Norton was the President of the First National Bank of New York, which later became part of Citibank.

Benjamin Strong Jr. was Head of J.P. Morgan's Bankers Trust Company and was also appointed as the 1st President of the Federal Reserve Bank of New York.

Paul Warburg was a partner in Kuhn, Loeb & Company, as well as a representative of the Rothschild's interests. Warburg was one of the wealthiest men in the world and a key architect of the Federal Reserve Act.

It is estimated that these men represented a quarter of the world's wealth combined.

Some of these men were agents for competing banks. At the turn of the 20th century, America was prospering as a result of free enterprise competition, and with this trend of prosperity, corporations took it upon themselves to withhold some dividends from their stockholders each quarter in order to fund their business expansions themselves, rather than go to the bank to seek loans. Banks were very concerned by this trend. It is for reasons like these that competing banks allied themselves together to form a cartel.

John D. Rockefeller is credited with having said that: "*Competition is a sin!*"

He and other tycoons like him devoted their time to the elimination of all competition. They did not believe in free enterprise competition at all. They knew full well that the road to riches and power was through the elimination of competition, through a cartel. They do this by way of price fixing; by not competing on price. They may also divide geographical markets or products and services. It makes perfect sense considering that such a strategy can further enhance their profit margins, or secure their position in the market place, if they reduce or eliminate competition between themselves.

To reverse the trend of capital formation and entice corporations into taking out large bank loans, the banks knew that they would have to lower their interest rates down to unprecedented levels. A central bank made this strategy possible, as it cemented all its shareholders into a uniform policy; notwithstanding that banks do not have to charge a lot of interest to earn good returns when they can practise fractional reserve lending.

To give Congress the illusion that the new central bank was going to diffuse power from Wall Street, break up monopolies and take down barriers of entry, the seven men decided on twelve Federal Reserve Districts, with banks in New York, Boston, Dallas, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, and San Francisco.

Next, the seven men had to decide on a name for their central bank. They understood that they could not make it too obvious to congress that they were setting up a central bank; otherwise, they may well have called it the Federal Reserve Bank. They began with the word "Federal" to make it seem as though it was a government owned entity. After that came the word "Reserve" to make it seem as though the bank held reserves. Finally came the word "System" to differentiate it from other European central banks, and to give the appearance that this was a diffusion of power, away from New York.

Congress was on record saying that they did not wish for a central bank, that, when it comes to banking in America, they want something that is unique and special. It turns out that the Federal Reserve System is not owned by the federal government, nor does it hold any reserves in the form of gold, silver, or any other precious metals; and, it is certainly not a system of diffusion of power away from New York. The twelve federal banks that are scattered throughout the American continent are not even real banks in the strict definition of the word. The next decision that these shrewd men had to make was what to call their bill.

The first act of the first draft of the Federal Reserve Act was entitled the Aldrich Bill, against the good advice of Paul Warburg who said that Congress would vote it down were it so named. Senator Nelson Aldrich was renowned for big banking, and his bill was met with scant approval by members of Congress, falling at the first hurdle.

When the bill came back to them defeated, they quite simply removed Aldrich's name from the bill and sponsored some Democrats. This strategy was twofold: the party of the people had traditionally been the Democratic Party, whereas the Republican Party was seen as antithetical to the rule—a party representing big business interest. Indeed, William Jennings Bryan, who gave the famous Cross of Gold speech, was a Democrat heavyweight whose belated endorsement for their bank bill carried much influence.

Concurrently, under the leadership of William Howard Taft, the Republican Party was losing ground to the Democrats. The money trust threw their weight behind Woodrow Wilson, a former President of Princeton University. Wilson believed, naively, that the Federal Reserve Act was for the greater good of the American economy. In addition to getting the support of key men such as Wilson, they got Carter Glass, who became Wilson's Secretary of the Treasury, and, Senator Robert Owen, a former banker. They co-sponsored the Glass-Owen bill, which became the Federal Reserve Act of 1913.

As well as changing the name of the bill, from the Aldrich bill to the Glass-Owen bill, Nelson Aldrich and Frank Vanderlip both gave speeches in the press condemning the bill which they had written. They said the bill would be bad for the banks, be terrible for the nation, et cetera. The ordinary folk reading these articles must have interpreted that, if the big bankers are worrying themselves over this bill, it must be bad for them. These bankers understood mass psychology, and they played the game evidently well.

Frank Vanderlip wrote in the Saturday Evening Post on the 9th of February, 1935:

“I do not feel that it is any exaggeration to speak of our secret expedition to Jekyll Island as the occasion of the actual conception of what eventually became the Federal Reserve System. 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 lateral of the Hudson where Senator Aldridge's private car would be in readiness, attached to the rear end of the train to the south. 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 and Abe. Davison and I adopted even deeper disguises, abandoning our first names. On the theory that we were always right, he became Wilbur and I became Orville, after those two aviation pioneers, the Wright brothers. The servants and train crew may have known the identities of one, or two of us, but they did not know all; and it was the names of all, printed together, that would have made our mysterious journey significant. In Washington, in Wall Street; even in London. Discovery we knew simply must not happen.”

~ Frank A. Vanderlip Sr.

Why the secrecy? Vanderlip goes on to say in that same article:

“If it were to be exposed, publicly, that our particular group had got together and written a banking bill, that bill would have had no chance, whatever, of passage by Congress.”

~ Frank A. Vanderlip Sr.

Their bill would not have succeeded had they overtly been open about their intentions.

The intention of Congress had always been to break the grip of the money trust. This bill may not have passed the house had Congress known about the deception, and the whole idea would then have been consigned into the annals of history.

Since this time, the Federal Reserve System has survived, and there is no consensus in Congress to repeal the act which created it. Whilst the Federal Reserve System is not an agency of the federal government, the government exerts some powers over it; but only in theory. Whilst it is true that the Federal Reserve System is run by the Board of Governors of the Federal Reserve System and its Chairman—all of whom are directly appointed by the President of the United States—the money trust, really, is in charge because they make up the shortlist and get their people appointed. The U.S. President really has no control, nor does the Congress have any control over this cartel. It just has the appearance of control. In addition, when the U.S. Treasury cannot raise all the money it needs in taxation, the Federal Reserve System steps in as the government's lender of last resort by issuing Federal Reserve notes in exchange for U.S. bonds. This money is always guaranteed. The technical definition for this is "quantitative easing". It usually results in the Treasury further raising the debt ceiling to stratospheric levels.

But, this particular monetary system comes with certain drawbacks. It is a fact that the national debt has been spiralling out of control ever since this central bank has been in place, and capital that could otherwise be ploughed back into the economy is instead allocated towards paying the interest on the national debt. It is nigh impossible to pay back the national debt under this monetary system. Almost every single dollar (with the exception of coins which are minted debt-free) is issued out of debt. Every bond in circulation carries interest-bearing debt that the government pledges to pay the bearer after the bond runs its course. A bond is nothing but an IOU, backed by the full faith and credit of the government. Bonds may look like real monetary assets when printed, but they are in fact liabilities passed on to the humble taxpayer. Each time a borrower goes to a bank to ask for money, he must pledge his hard-earned collateral, but when a large bank goes insolvent, by the government, it gets bailed out. Conversely, when a poor individual goes bankrupt, and cannot repay his bank loan, he loses his collateral.

In 1980, the powers of the Federal Reserve System were significantly enhanced after Congress passed the Depository Institutions Deregulation and Monetary Control Act of 1980 enabling foreign bonds to be used as collateral to back Federal Reserve notes.

This system was designed for the money trust, by the money trust, and it is a scam. As Edward Griffin succinctly puts it:

“This was like having the fox build the henhouse and install the security system!”
~ G. Edward Griffin