

Jeekyll Island and the Federal Reserve

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My wife and I visited Jekyll Island, Georgia, in April, 1996. It immediately took on a fascination because I remembered that Jekyll is known as the birthplace of the Federal Reserve. In fact, the Clubhouse/hotel on the island has two conference rooms named for the "Federal Reserve."

In 1886, a group of millionaires purchased Jekyll Island and converted it into a winter retreat and hunting ground, the USA's most exclusive club. By 1900, the club's roster represented 1/6th of the world's wealth. Names like Astor, Vanderbilt, Morgan, Pulitzer and Gould filled the club's register. Non- members, regardless of stature, were not allowed. Dignitaries like Winston Churchill and President McKinley were refused admission.

In 1908, the year after a national money panic purportedly created by J. P. Morgan, Congress established, in 1908, a National Monetary Authority. In 1910 another, more secretive, group was formed consisting of the chiefs of major corporations and banks in this country. The group left secretly by rail from Hoboken, New Jersey, and traveled anonymously to the hunting lodge on Jekyll Island.

The meeting was so secret that none referred to the other by his last name. Why the need for secrecy? Frank Vanderlip wrote later in the Saturday Evening Post, "...it would have been 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 bill...I do not feel 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."

At Jekyll Island, the true draftsman for the Federal Reserve was Paul Warburg. The plan was simple. The new central bank could not be called a central bank because America did not want one, so it had to be given a deceptive name. Ostensibly, the bank was to be controlled by Congress, but a majority of its members were to be selected by the private banks that would own its stock.

To keep the public from thinking that the Federal Reserve would be controlled from New York, a system of twelve regional banks was designed. Given the concentration of money and credit in New York, the Federal Reserve Bank of New York controlled the system, making the regional concept initially nothing but a ruse.

The board and chairman were to be selected by the President, but in the words of Colonel Edward House, the board would serve such a term as to "put them out of the power of the President." The power over the creation of money was to be taken from the people and placed in the hands of private bankers who could expand or contract credit as they felt best suited their needs.

Why the opposition to a central bank?

Americans at the time knew of the destruction to the economy the European central banks had caused to their respective countries and to countries who became their debtors. They saw the large- scale government deficit spending and debt creation that occurred in Europe.

Shortly after the United States gained its freedom, the Rothschilds attempted to saddle the country with a private central bank. This Bank of the United States was abolished by President Andrew Jackson with these words:

The bold effort the present bank has made to control the government, the distress it had wantonly produced...are but premonitions of the fate that awaits the American people should they be deluded into a perpetuation of this institution or the establishment of another like it.

But European financial moguls didn't rest until the New World was within their orbit. In 1902, Paul Warburg, a friend and associate of the Rothschilds and an expert on European central banking, came to this country as a partner in Kuhn, Loeb and Company. He married the daughter of Solomon Loeb, one of the founders of the firm. The head of Kuhn, Loeb was Jacob Schiff, whose gift of \$20 million in gold to the struggling Russian communists in 1917 no doubt saved their revolution.

The Fed controls the banking system in the USA, not the Congress nor the people indirectly (as the Constitution dictates). The U.S. central bank strategy is a product of European banking interests.

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Back to Jekyll, the Island

National and world events of the 1930s led ultimately to the Club's closing in 1942. Jekyll Island was purchased by the state of Georgia in 1947. 33 of the Club member cottages and Clubhouse still stand. Many have been restored to their former grandeur and are open for tours.

It is amazing what one can learn on vacation with little effort.

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