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The Federal Reserve – Nobody’s Stooge, Master of Money

WRITTEN BY: ASHOK DHILLON



Ashok Dhillon has over 40 years of front-line business experience in Canada and International markets. His extensive experience gives him in-depth knowledge and intuitive insights into macro and micro, national and international, geo-political and economic realities and trends.



Source: bbc.com

The Central Banks of the World have dominated economic policy since the financial/economic crisis of 2008. The importance of these Central Banks in managing the economic narrative of the World cannot be overstated as they dictate on a day-by-day basis, the rise and fall of the global financial markets, and on a longer time horizon, the economic well being of the planet.

We say ‘economic’ policy not ‘monetary’ policy because their avowed aim these past almost 8 years has been to stimulate their country’s *economic growth*, using whatever monetary tools at their disposal. In that effort, to revive economic growth at all costs, individually nationally, and collectively globally, they have been consistent and relentless. No other economic policy actions by any other institutions have been so prominent and consistent in shaping economic policy as the collective actions of the Central Banks since 2008.

The Central Banks have folded in their more ‘normal’ activities, such as price stability - or inflation rate targeting, interest rate setting, liquidity (*money printing*) and Banker of last resort to ailing financial institutions, into their overarching need to stimulate economic and job growth since the crisis. This unprecedented effort and role is quite extraordinary in modern times, and has taken the Central Banks from being relatively unknown and unnoticed institutions in their countries, to becoming front and centre to every person’s concern, in the seemingly constant battle to stave off recessions, collapses and general economic malaise.

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Gaining such prominence in the public eye has come at a cost as it has thrust them into the public spot light, when most times they would have preferred to keep working quietly behind the scenes, as in the past. The front and centre role that they have taken on, to try and save entire economies, has also made them targets of political fights between competing political parties and opponents, and of incumbent governments who try to use the abilities of the Central Banks to affect economic activity in the country, for their own particular political purposes.

Hence, the question is raised at times whether the incumbent Governments control and direct the actions of their Central Banks, or are Central Banks more-or-less independent of their government's wishes and politically motivated directives?

The answer of course is, for most Central Banks, their Governments do direct their actions to a large degree, especially the more 'opaque, corrupt, authoritarian' - or a combination of these traits the governments govern their country with - even amongst the developed countries, like Japan, Italy, France, China and Russia to name a few. Yet at times, the Central Bankers do push back against asinine government mandates when following them would clearly do heavy damage to a country's economy, currency or financial markets.

But most of the time, Government appointed Central Bank Governors do try and accommodate the wishes of their masters, along with carrying out their day to day functions.

The driver of course is that almost all Central Banks are owned by 'the people' of the Country, and therefore wholly owned by their Governments.

Two 'Central Banks' however, are quite a bit different in structure from the rest.

One is the European Central Bank (ECB). It is the 'Central Bank' of the EU (*European Union - a collection of 19 core countries and 27 overall members*) and is owned by their own national/publically owned Central Banks, and therefore, de facto, is a publicly owned Central Bank, albeit of a group of countries, not of one country - which is quite different from the norm.

ECB's purpose is to try and maintain 'price stability', manage the money supply and carry out other sundry operations normally associated with Central Banks. One of the most important functions it has is the printing, controlling the supply of, and to a degree the value of the EU currency, the 'Euro', through the setting of interest rates, and/or the increasing or decreasing of the supply of the 'Euro' in the open market.

Over these last few years, the ECB has been aggressively stimulative in an effort to boost economic activity and inflation, through massive bond buying programs and low to negative interest rates, with less than dubious success at best. The EU still struggles to boost the economic activity and growth



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amongst its member countries so collectively they stay out of recessions, and reduce unhealthy unemployment rates especially among the youth, and the EU owned ECB is a major instrument in that fight.

The other 'Central Bank' that is *very* different from the norm, even more so than the ECB, is the Federal Reserve (*or the Fed*) of the United States.

It is not the largest of the Central Banks by assets, that distinction belongs to the Central Bank of China, but the Fed is by far the more important. The Federal Reserve has set the tone and direction for the rest of the Central Banks to a large extent, and therefore its importance in global economic affairs cannot be overstated. Yet, its unique structure brings up serious concerns.

The Fed pretends to be a normal Central Bank, but in reality it is very, very different entity. Much has been written about the Fed so we will not go into any detailed discussion about the institution itself. But, lately in the dog fight that is the US Presidential election campaign, Trump and some GOP have tried to convince the American public that the Fed is controlled by and is the stooge of, Obama and Hillary Clinton. If the public was to understand the structure and power of the Fed (*acting as America's Central Bank*) under its current form, the preposterous nature of these allegations would become clear.

We called the Federal Reserve the "pretend Central Bank" because unlike the other 'normal' Central Banks of the World, this one, the Fed, is *not owned or controlled by the US Government, or by the 'people' of the United States*, as most other Central Banks are, but is owned by 12 private Regional Reserve Banks (*Source: Richmond Federal Reserve Bank*).

Regional Reserve Banks are in - Boston, New York, Philadelphia, Cleveland, Richmond, Atlanta, Chicago, St. Louis, Minneapolis, Kansas City, Dallas, and San Francisco.

These Regional Reserve Banks in the US are also not 'Government owned' like the individual national European Central Banks that own the ECB, but are in fact 'private' banks, incorporated for the benefit of their shareholders, which are private individuals. This structure is simply extraordinary for a country's 'Central Bank'. (*Below, the first Board of Governors of the Federal Reserve*).



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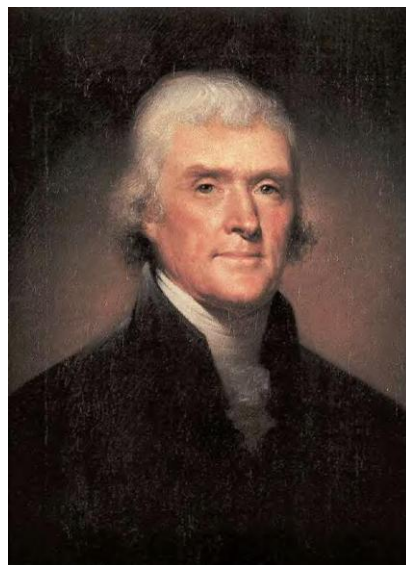
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These 12 Banks, as well as the Fed itself, go to great lengths to try and convince the American people that the complete private ownership of the Fed, by these private banks, is only symbolic, as the ownership shares of the Fed, held by these 12 banks can not be sold or transferred or cancelled. But that is not a negative, as the Fed or its owner banks would try to portray. What that really means is the control and ownership of the Fed cannot be changed, ever, but is always held by the same people or their heirs, who control the 12 Regional Reserve Banks to perpetuity (*talk about control*). As most Americans believe that the Fed is somehow US Federal Government owned and controlled (*the purposefully misleading name ‘The Federal Reserve System’ may be to blame*), they have no idea that a select group of private individuals have control of their Country, their money supply, their wealth, or the lack of it, and in essence the very quality of their lives.

Giving so much power to a few very wealthy and powerful individuals has, over time, insured that the wealth of the nation must eventually be owned by the self same ultra wealthy few, as has happened over the decades, and particularly since the financial crises of 2008, when the greatest transfer of wealth, in the Trillions of US dollars, took place from the US taxpayer to the pockets of these very few. Currently the wealth disparity is at an all time high.

All this would be ok if every American knew and approved of that arrangement, being a democratic country, but as mentioned, most average Americans are blithely unaware of these facts, and are therefore quite unaware of the ramifications of such private control over their lives by these few ultra rich, ultra powerful individuals.

The Fed being a private corporation, owned by 12 other private corporations, *controls the creation and the money supply of America*, an ability that is the sole purview of governments alone, *of every other country*, except the United States.

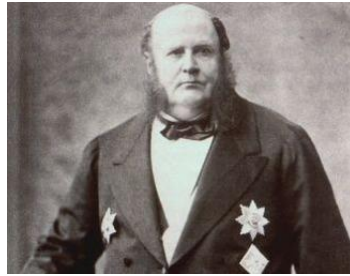


“If the American people ever allow private banks to control the issue of their currency, first by inflation, then by deflation, the banks...will deprive the people of all property until their children wake-up homeless on the continent their fathers conquered.... The issuing power should be taken from the banks and restored to the people, to whom it properly belongs.” . . . “Paper is poverty. It is the ghost of money and not money itself.” – **Thomas Jefferson, 1743-1826**

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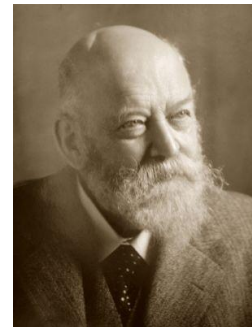
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To get an idea of how important the control of the money supply of a country is, we present the well known and oft quoted saying of the most famous bankers in the World, the Rothschilds. They certainly should know better than most.

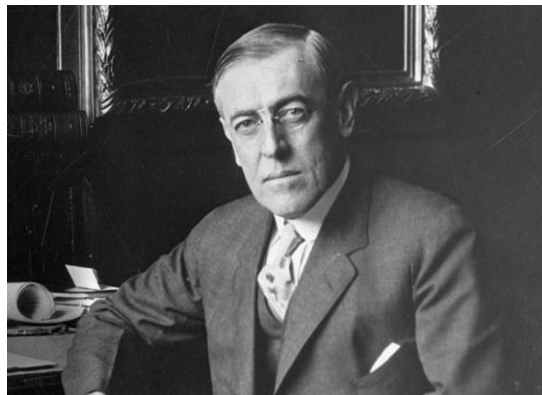


"The few who understand the system, will either be so interested from its profits or so dependent on its favors, that there will be no opposition from that class." . . . "Let me issue and control a nation's money and I care not who writes the laws." ~ Mayer Amschel Bauer Rothschild, 1744-1812

"I care not what puppet is placed upon the throne of England to rule the Empire on which the sun never sets. The man that controls Britain's money supply controls the British Empire, and I control the British money supply." ~ Baron Nathan Mayer de Rothschild, 1840-1915



The Federal Reserve System was created by the Federal Reserve Act on December 13, 1913, after the financial panic of 1907, by the Government of President Woodrow Wilson, who after three years of its creation by his signature, lamented:



I am a most unhappy man. I have unwittingly ruined my country. A great industrial nation is controlled by its system of credit. Our system of credit is concentrated. The growth of the nation, therefore, and all our activities are in the hands of a few men. We have come to be one of the worst ruled, one of the most completely controlled and dominated governments in the civilized world. No

longer a government by free opinion, no longer a government by conviction and the vote of the majority, but a government by the opinion and duress of a small group of dominant men. ~ Woodrow Wilson, 1856-1924

The Federal Reserve and its owner commercial banks are profit making entities.

These Banks are paid a fixed 6% annual dividend, after expenses, tax free, without any risk, on the Reserves the Federal Reserve holds on its Balance

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Sheet, which on last count was approximately \$4 Trillion, which it created out of thin air. Sweet!



"The bank hath benefit of interest on all moneys which it creates out of nothing." ~ **William Paterson, one of the founders of the Bank of England, 1694**

In fact the deal is so sweet that the most accomplished and famous of investors, Warren Buffett would be envious of such a sweet heart deal. In today's environment investment fund managers would kill to be able to secure 6% dividends on shares, risk free, even if it was taxable and before expenses! The Fed earns the 6% through good times and bad, annually, tax free, after all expenses.

The Federal Reserve cannot lose, so neither can its shareholders, the 12 Banks and their individual owners.

So, the Federal Reserve is a private corporation, owned by 12 other private corporations, for the benefit of their shareholders, for profit, and those shareholders are the most powerful secretive money men in the World, that control the money supply of the most powerful country in the World, and through it, control its Government and its Presidents, just as Baron Nathan Mayer De Rothschild stated.

The Fed controls the direction of America's economy, the well fare of its business and its people, and has the single most powerful ability to make the rich infinitely richer, the ability to systematically crash and inflate asset values, which benefit those that have the most assets and know the timing, the proverbial 1%.

The Republicans have been critical of the Federal Reserve, in general, since its inception. Over the past decades, periodically, they have called for its reform and the independent auditing of its financial statements, to no avail. To-date the Fed has easily rebuffed all Presidential, Congressional and Senate calls for its reform and full disclosure, with its power to be the most influential lobbyist in Washington DC.

The pretend 'Central Bank' of the United States, the Federal Reserve, is being increasingly accused by the Republicans and their latest political face – the new Republican Donald Trump, of being the stooge of either Democratic Nominee Hilary Clinton, or the nearly out of time Democrat President, Barack Obama.

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This is being said of course, falsely, to influence the generally ill informed in America, and there are plenty of those, that the two most prominent Democrats, at this time, are somehow forcing the Fed to initiate policies that will favour them in this election cycle, at the expense of the Country.

On any given day, as to which one, Obama or Clinton, is really controlling the Fed, (*according to them, the right wing of America*) depends on which Republicans are feeling the most threatened by which of the two Democrats they love to hate the most, on that given day.

Knowing the increasing power and private nature of the Fed, since its creation, it is laughable to assert that the Fed would be controlled by transient politicians regardless of their personal standing with the public, and certainly there - neither Obama nor Clinton hold too much sway. Obama or Clinton control the Fed? Now there's a real joke. If anything, it's the other way around.

The Fed is no Stooge of the politicians, but rather the Master of them, and the strings are in the hands of those that control the banking and financial industry in the America and the World.

A Central Bank of a country should belong fully to 'the people' and should be fully accountable to the public that owns it. The USA is the only major economy whose 'Central Bank' acts like a Central Bank in a lot of its functions, yet is owned privately and for profit for its individual owners, that are behind the ownership of the Regional Reserve Banks. The detailed and full disclosure of who holds that ownership is not available.

This not another conspiracy article but rather an attempt at one that informs the readers about the nature of the startling and unusual structure of the Federal Reserve, the reason for which defies rational explanation.

The potential for abuse in the guise of national interest, of a privately owned entity that can print the country's money, in the Trillions, influence the direction of financial markets, inflate or deflate asset prices, hand out Trillions in bailout funds to Banks and financial institutions, direct the trajectory of the entire economy, and is unaudited, is simply unlimited.

The Board of Governors that are supposed to oversee the general policies of the Fed is not enough safeguard to prevent the natural greed that would accompany such power, to make unlimited sums of money annually, risk free, from taking over.

Yet, Mr. Trump would have the American public believe that a President that was opposed on everything by the Republicans, or for that matter Hillary Clinton, would have any sway on the most powerful institution in America. The public and Mr. Trump are quite unaware of the power of the Fed over the country's politicians, and hence over the country itself.