

Global Power and Global Government: Evolution and Revolution of the Central Banking System

Part 1

By [Andrew Gavin Marshall](#)

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Introduction

Humanity is on the verge of entering into the most tumultuous period in our history. The prospects of a global depression, the likes of which have never been seen before; a truly global war, on a scale never before imagined; and societal collapse, for which nations of the world are building totalitarian police states to control populations; are increasing by the day. The major global trend forecasters are sounding the alarms on economic depression, war, a return to fascism and a total reorganization of society. Through crisis, we are seeing the reorganization of the global political economy, and the transformation of capitalism into a totalitarian capitalist world government. Capitalism has never stayed the same through its history; it has always changed and will continue to do so. Its changes are explained and analyzed through political-economic theory, both mainstream theory and critical. The changes are undertaken over years, decades and centuries. The next phase of capitalism is one in which the world moves to a state-controlled economic system, much like China, of totalitarian capitalism.

The global political economy itself is being reorganized into a world government body, consisting of one center of global power where the socio-political-economic power of the world is centralized in one institution. This is not a conspiracy theory; it is a reality. Nor is this a subject confined to the realm of "internet conspiracy theorists," but in fact, the concept of world government originates and evolves throughout the history of capitalism and the global political economy. Mainstream and critical political-economic theory has addressed the concept of world government for centuries.

The notion of a world government has such a long history, as the forces driving the world into such a structure intertwine with the history of the modern global political economy itself. The purpose of this report is to examine the history of the global political economy in taking steps toward forming a world government, in both theory and practice.

How did we get here and where are we going?

Why Study Theory?

Within the academic realm of Political Science, specifically the field of Global Political Economy (GPE), it is essential to understand the various theoretical perspectives of political economy so as to understand the actions and directions taken within the global political economy, and how capitalism has been and continues to be reorganized and altered. Theory provides the foundation upon which actors are understandable and actions are undertaken. As the political economist Robert Cox once stated, "Theory is always for someone and for some purpose." It is important to understand and analyze the theoretical leanings of those making changes in the global political economy, in order to understand the changes being made, specifically the theoretical foundations of a world government. As well as this, it is important to examine critical theory in how it interprets both how and why a world government is being constructed.

Mercantilism

The history of political economic theory shows a continued fascination with the concept of constructing such a cosmopolitan or global community. The earliest forms of western Global Political Economy theorists lie in the early mercantilist period, and with the emergence of Liberal theory, following Adam Smith's *Wealth of Nations*, mercantilist writers such as Friedrich List and Alexander Hamilton wrote critiques of the underlying Liberal concepts. List wrote in *Political and Cosmopolitical Economy* that Smith dispersed with the idea of a "national economy" in which nation's determined economic conditions, and instead advocated replacing the "national" economy with a "cosmopolitical or world-wide economy." List discusses the perspective of Jean-Baptiste Say (J.B. Say), a French liberal economist, saying that Say "openly demands that we should imagine the existence of a universal republic in order to comprehend the idea of general free trade." [1]

List states that, "If, as the prevailing school [of political-economic thought] requires, we assume a universal union or confederation of nations as the guarantee for an everlasting peace, the principle of international free trade seems to be perfectly justified," however, this prevailing thought "assumes the existence of a universal union and a state of perpetual peace, and deduces therefrom the great benefits of free trade. In this manner it confounds effects with causes." List elaborates in explaining that, "Among the provinces and states which are already politically united, there exists a state of perpetual peace; from this political union originates their commercial union." Further, "All examples which history can show are those in which the political union has led the way, and the commercial union has followed. Not a single instance can be adduced in which the latter has taken the lead, and the former has grown up from it." [2]

It must be addressed that List is a mercantilist theorist. This means that he views the realm of the political and economic as an interacting realm in which they are intertwined and merged, however, the political realm remains above the economic, which is subject to the dictates of the political element. Liberal theorists believe that the political and economic realms are separate, and that they should be separated, so that political elements interact separately and without influence over the economic realm, which itself acts independently and separately of the political. This is the foundation for the ideas of the "free market" and the oft-quoted Adam Smith phrase, "the invisible hand of the free market," which was only mentioned once in his entire volume of the *Wealth of Nations*. The ascension of liberal theorists marked a separation in the academic and theoretical studies, in which Political

Economy was separated as a field, and saw the emergence of Political Science and Economics as separate studies.

As political economist Robert Cox stated, "Theory is always for someone and for some purpose." The purpose of this separation was to compartmentalize academic thought and separate the realms of politics and economy, so as to better control both – as the banking interests, which dominated both the realms of politics and economics since the late 1600s, continued to view the world in terms of political-economic theory. It was a strategy of "divide and conquer," in which theory and academia was divided in order to conquer and control thought on both sides. This separation continues to this day, as even the field of Political Economy is placed underneath and subjective to Political Science, whereas it would make more sense that Political Science and Economics would be under the umbrella of Political Economy. Again, compartmentalize thought and then the control of discussion and debate becomes much easier.

What List was arguing in his essay was a critique of the liberal concept of a cosmopolitical society, in which all nations are united in a world federation. Naturally, this was not the case in that era, it was an incorrect and dubious assumption on the part of liberal theorists. List explained that never before had economic or commercial interdependence and union led to a political union. List postulated that history showed that political union had to precede an economic union. However, List was writing in the first half of the 19th century, and history has changed the course of events and Political Economic theory. I would argue that the major banking interests, essentially made up of a dynasty of banking families (the Rothschilds, Warburgs, and later the Morgans and Rockefellers, among many others), decided to chart a different course, in which they would pursue a strategy in which economic union would be incrementally undertaken with the aim of constructing a political union to follow in its footsteps.

Central Banking

Thus, liberal economic theory came to the forefront, championed by the global hegemonic power of the day, Great Britain, which was firmly under the control of the banking dynasties. In 1694, the Bank of England was formed as a private central bank, which would issue the currency of the nation, lending it to the government and industry at interest, which would be paid back to the Bank of England's shareholders, made up of these private banking dynasties.[3] The 16th to the 19th centuries was the period in which both the nation-state and capitalism emerged, soon followed by central banking in the late 1600s. This is when the origins of what was known as a "world economy" took place. Mercantilist economic theory dominated this period, in which the economy was secondary and submissive to the political structure of nations.

Liberal theorists rose in opposition to this. Adam Smith wrote the *Wealth of Nations* in 1776, the same year that the American colonies revolted against the British imperial forces in the country, and ultimately gained independence from the British Empire. Among many of the primary motivating factors for the Revolution were the British military presence in the American colonies, acting above the law; a heavy imposition of colonial taxes, particularly on tea and other imports from foreign nations such as France, in an effort to promote the

mercantilist assumptions that the colony should only survive and trade with the metropole (imperial hegemon) – which extracts the resources of the nation in trade for material goods to that nation, creating a dependence upon the colonial power. Arguably one of the primary motivations for the Revolution was the control of currency by a foreign imperial power, with the ability to control inflation and devaluation, essentially controlling the entire economic conditions of the colony from abroad. The Founding Fathers of the United States understood the necessity of controlling one's own currency if one was to preserve sovereignty and independence.

Following Britain's humiliating defeat, which was aided by the French who supported the American revolt, European banking interests suffered a significant blow against their mercantilist expansion. Capitalism functions in that it constantly needs to expand and consume more. Central banking functions in a very similar, although much more dubious manner, in which it needs to expand its control over industry, nations and people through the expansion of debt, continually needing to bring more individuals, nations and industries under debt bondage. Debt is the source of all power and wealth for the central banking system – as they do not actually produce any tradable good, such as industry; nor do they provide any necessary service, such as government. Interest on debt is the source of income and authority for the central banking system, and thus, it needs to continually advance credit and expand debt. Thus, the loss of the American colonies as a source of expansionary credit and debt was a massive blow to their entrenched interests.

The European banking interests quickly learned their lesson regarding not falling under the imperial hubris of believing people of a given region or nation could never defeat imperial might and armies. Revolution had become a great threat to the entrenched capitalist, and particularly, banking interests.

Within a decade of the American Revolutionary War, which ended in 1783, another nation was going down the road of revolutionary zeal, in part inspired by the American example. However, this nation was no colony, but rather a mercantilist imperial power, and thus, its loss would be too great a loss to allow. In 1788, the French Monarchy was bankrupt, and as tensions grew between the increasingly desperate people of France and the aristocratic and particularly monarchic establishment, European bankers decided to pre-empt and co-opt the revolution. In 1788, prominent French bankers refused "to extend necessary short-term credit to the government,"[4] and they arranged to have shipments of grain and food to Paris "delayed" which triggered the hunger riots of the Parisians.[5] This sparked the Revolution, in which a new ruling class emerged, driven by violent oppression and political and actual terrorism. However, its violence grew, and with that, so too did discontentment with the Revolutionary Regime, and its stability and sustainability was in question. Thus, the bankers threw their weight behind a general in the Revolutionary Army named Napoleon, whom they entrusted to restore order. Napoleon then gave the bankers his support, and in 1800, created the Bank of France, the privately owned central bank of France, and gave the bankers authority over the Bank. The bankers owned its shares, and even Napoleon himself bought shares in the bank.[6]

The bankers thus sought to control commerce and government and restore order to their newly acquired and privately owned and operated empire. However, Napoleon continued

with his war policies beyond the patience of the bankers, which had a negative impact upon commercial activities,[7] and Napoleon himself was interfering in the operations of the Bank of France and even declared that the Bank “belongs more to the Emperor than to the shareholders.”[8] With that, the bankers again shifted their influence, and remained through regime change.[9]

The Rothschilds ascended to the throne of international banking with the Battle of Waterloo. After having established banking houses in London, Paris, Frankfurt, Vienna and Naples, they profited off of all sides in the Napoleonic wars.[10] The British patriarch, Nathan Rothschild, was known for being the first with news in London, ahead of even the monarchy and the Parliament, and so everyone watched his moves on the stock market during the Battle of Waterloo. Following the battle, Nathan got the news that the British won over 24 hours before the government itself had news, and he quietly went into the London Stock Exchange and sold everything he had, implying to those watching that the British lost. A panic selling ensued, in which everyone sold stock, stock prices crumbled, and the market crashed. What resulted was that Rothschild then bought up the near-entire British stock market for pennies on the dollar, as when news arrived of the British victory at Waterloo, Rothschild’s newly acquired stocks soared in value, as did his fortune, and his rise as the pre-eminent economic figure in Britain.[11]

As Georgetown University History professor, Carroll Quigley wrote in his monumental *Tragedy and Hope*, “The merchant bankers of London had already at hand in 1810-1850 the Stock Exchange, the Bank of England, and the London money market,” and that:

In time they brought into their financial network the provincial banking centers, organized as commercial banks and savings banks, as well as insurance companies, to form all of these into a single financial system on an international scale which manipulated the quantity and flow of money so that they were able to influence, if not control, governments on one side and industries on the other.[12]

The period from 1815 to 1914 was known as the British Imperial Century, in which they adopted the liberal economic concepts of Adam Smith, and manipulated and distorted them for their own imperial ambitions. Mercantilism was still strong in practice, but rode under the banner of a liberal economic order, “free markets” and the “invisible hand.” The “invisible hand” was in fact, connected to a body made up of government and industry, molding the “free market” according to its designs, and the body was controlled by the brain, the central bank, the Bank of England. Markets were hardly “free” and the hand was visible to those who could see the rest of the body.

The Liberal Revolution

It was during this British imperial century that other nations, such as Germany and the United States, were pursuing mercantilist economic practices in order to protect their own nations from the British free-trade imperialism. It was in this context that mercantilist theorists such as Alexander Hamilton in the United States, and Friedrich List in Germany were writing in criticism of liberal economic theory.

Mercantilism was dominant in political-economic theory until the mid 19th century when the 'liberal revolution' manifested, largely in critical opposition to mercantilism. In liberal economic theory, the economic realm is autonomous and separate from the political realm, and functions according to its own logic. Within this theory, politics and economics, though separate spheres, are still connected, but remain independent of one another. Whereas mercantilists see the state as the primary actor in the global political economy, liberals see the individual (both producer and consumer) as being the major actor.

Mercantilists see the international arena as inherently conflictual, justifying their policies of colonialism and empire building in an international arena in which if one state does not colonize foreign lands and extract resources, another state will, and thus, will deprive the state that does not create an empire of resources and economic growth. In this sense, mercantilists view the world in terms of a zero-sum gain, in which the progress of one state requires the regression of another. Liberal theorists argue that the international arena, made up of individuals, constitutes a positive-sum gain, in which all individuals act according to self-interest, and in doing so, benefit everyone, and foster cooperation and interdependence. In this sense, the international arena is not inherently conflictual, but rather a cooperative and interdependent sphere in which order and stability is upheld by international regimes – such as the British liberal imperial order and the gold standard it instituted.

Where mercantilists view history as an amalgamation of conflicts and decisions made by states, liberal theorists view history as the sum of the unintended consequences of actions made by private individuals and activities. This implies almost an inherently natural progression of history – that it is not shaped by powerful forces in any designed or intended way, but is merely a natural response and reaction to the actions of individuals. This ties into the liberal concept of the natural state of a liberal economic order, bringing in the idea of the “invisible hand of the free market” which will determine economic activities.

Adam Smith's notion of the “invisible hand” has been used to advance the idea that private individuals who seek personal wealth and gain through self-interest will unintentionally aid the interests of all of society. However, the “invisible hand” was mentioned merely once in Smith's monumental *Wealth of Nations*, and was taken out of context. Smith was discussing how “Every individual naturally inclines to employ his capital in the manner in which it is likely to afford the greatest support to domestic industry, and to give revenue and employment to the greatest number of people of his own country.” In addition to employing “his capital in the support of domestic industry,” the private individual would “direct that industry that its produce may be of the greatest value.” Therefore, the individual “neither intends to promote the public interest, nor knows how much he is promoting it.” Smith explains that:

“By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention.”[13]

Smith had conceptualized the “invisible hand” as the “natural inclination” of an individual to promote domestic interests, yet the phrase has been manipulated to promote the concept of a “self regulating market” in which the less regulation and restrictions there are, the better all society will be, because industry will naturally benefit all people. The manipulation of this phrase has taken the notion of the “invisible hand” away from the actions of individuals and transferred it to promoting non-regulation of economic activities. That is a far cry from Smith’s contention.

Smith even stated in the *Wealth of Nations* that, “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. It is impossible indeed to prevent such meetings, by any law which either could be executed, or would be consistent with liberty and justice. But though the law cannot hinder people of the same trade from sometimes assembling together, it ought to do nothing to facilitate such assemblies; much less to render them necessary.”[14]

In discussing regulation regarding wages for workers and resolving equity issues between the employers, or “masters” and the labour class of “workers,” Smith explained that, “Whenever the legislature attempts to regulate the differences between masters and their workmen, its counselors are always the masters. When the regulation, therefore, is in favour of the workmen, it is always just and equitable; but it is sometimes otherwise when in favour of the masters.” Further, “When masters combine together in order to reduce the wages of their workmen, they commonly enter into a private bond or agreement, not to give more than a certain wage under a certain penalty. Were the workmen to enter into a contrary combination of the same kind, not to accept a certain wage under a certain penalty [such as a union], the law would punish them very severely; and if it dealt impartially, it would treat the masters in the same manner.”[15]

These quotes by Adam Smith tend to fly in the face of the common perceptions and usage of Smith’s ideas, proving that liberal economy in practice is a far cry from the intent of its original theorist.

In the 1870s, the notion of a “liberal economic order” was challenged as the major European empires undertook an incredible extension of their imperial presence across the globe, itself a mercantilist practice – the idea of obtaining colonies in order to extract its resources, create a captive market for the imperial nations manufactured goods, and deprive its economic competitors of access to that market. Between 1878 and 1913, European empires extended their control over much of the world, specifically with the Scramble for Africa, in which all of Africa, save Ethiopia, was colonized by European powers.

This “new imperialism,” as it was known, proliferated throughout Europe following the rapid expansion of banking throughout the continent, and the pre-eminence of international financiers over governments.[16] The growth of the continent-wide banking networks “fed the growth of colonial empires” as it stimulated a system in which “creating debt that then had to be serviced by the purchase of more infrastructure,” and expansion of territory.[17]

This led European nations to undertake a massive imperial effort across much of the globe, to find and control foreign markets and expand their capital.

The Emergence of Marxism

In the 19th century, the rise of critical IPE (International/Global Political Economy) theories emerged in opposition to the growing dominance of Liberal IPE. The most profound of these criticisms arose from Karl Marx. Marxism, as Marx's critical theory came to be known, put an extensive focus on the relations of classes within society, as the class that owns the means of production is the central and most powerful class, subverting the other classes to a submissive position. Marxists also view capitalism as being inherently exploitative. Within this theory, the political and economic realms are not seen as separate spheres of action, but are seen as intertwined and internally related. Within this theory, the purpose of the state is not to serve the interests of the broader population that inhabits it, but to secure, maintain and advance the interests of the capitalist class. Marxist theorists also put emphasis on the nature of war and conflict as being intrinsically related to the expansionary nature of capitalism, which is one of the primary roles of states in advancing the interests of the capitalist ruling class.

Marx defines what he perceives as capitalism: a system which is governed by capital, which is money that has been invested in order to generate more money; production, which is dominant within capitalist society, is designed for sale, not use – in that, it moves beyond subsistence and into what we refer to today as materialism and consumption; labour is commodified, thus people, through their labour, themselves become a tradable commodity; exchange occurs with money; ownership of the means of production is in the hands of the capitalist class; and competition between various capitalist forces is the logic of interaction.

Marx places a large focus on the circuit of capital, in how money transforms into capital. Money (M), is invested in purchasing a Commodity (C), and then into Labour Power (LP) and the Mean of Production (MP), which make up the Production circuit (P), which produces a new Commodity (C1), which is then sold, creating expanding money (M1), or earned profits. Capital, thus, is money that is invested into production. Marx postulates that the inherent exploitative nature of capitalism is most apparent in the Production circuit, specifically with Labour Power.

Diverging From Marx

However, with the exploration and understanding of the central banking system, some of the circuit of capital must be called into question. Central banking functions not on “investment” of capital, but on the expansion and creation of money and debt, which is lent at interest, thus serving as the source of income for the central banking system. This cannot be called productive capital, for its purpose and intent is not to produce a new commodity, there is no labour power or means of production involved, and new money is not produced from the sale of such a new commodity, but rather profit is extracted from interest on the original money. This, for the sake of argument, can be called the Circuit of Debt:

M -> L -> I -> M1 -> LID -> DB

M = Money

L = Loan

I = Interest

M1 = New Money

LID = new money Loaned to debtor to pay Interest on Debt

DB = debtor falls into Debt Bondage; owned by creditor

Through the Marxist perspective of exploitation, there is no labour to exploit within the Circuit of Debt, so where does exploitation come into play? Exploitation comes into the process in that the debt (or loan) issued, is designed to exploit whoever the debtor is, be it an individual, a nation, or a corporation. Within this paradigm, class structure, although playing a significant part of the process of overall exploitation and exercise of power within the capitalist system is not the only, or arguably, even primary target of control and oppression within capitalism, as we know it. The target is the individual, the nation, and industry to the submission of the predatory nature of the central banking system.

The central banking system has, from its inception, acted in ways which monopolize industry (thus negating Adam Smith's concept of a "free market" and "competition"); militarize nations (financing wars and conquest, imperialism); merging the interests of both the economic and political realms into a holistic ruling class (modeled upon the dual nature of a central bank itself – holding the authority and power of a government body, but representing the interests and submitting to the ownership of private individuals). Thus, the ruling class itself is a social construct which this tiny elite formed, hardly capable of the numbers to be termed a class, especially since class is most often defined in national terms, whereas this elite is international in nature.

The central bank of a nation finances monopoly industry and imperial states, both of which are created out of debt bondage to the central bank. Both the commercial/industrial elites and political elites merge their interests – the state will pursue imperial policies that have the effect of benefiting industry, while industry will support the building of a strong, powerful state (and provide a cozy job for the political elite upon leaving the public sector). This makes up the ruling class of a nation, the capitalists, or owners of the means of production, merging with the political rulers of the nation. One does not represent or overpower the other, but rather, both serve the interests and are owned through interest, by a tiny international elite.

One must ask: What would capitalism look like if it were not for the advent of the central banking system?

Accumulation by Dispossession

In discussing Marxist theory, I am not advocating a total support of its theoretical discussion

and perspective. However, it is vital to address, as historically and presently, it has served as a very powerful source of criticism against the capitalist system and its importance cannot be underestimated. Having said that, it is also important to address in that it does, as a theory, identify many accurate and important aspects of how the capitalist system functions. For that reason, many of the critiques have been and are currently prescient and justified.

In Marxist theory, the nature of accumulation plays a very important part, in that it holds a dual character. One is known as accumulation as expanded reproduction, which is concerned with commodity markets and production (the circuit of capital), where money is made through the labour process. The other nature of accumulation is accumulation by dispossession, which is usually framed in terms of relations between capitalist and non-capitalist modes of production. This is accumulation derived from dispossessing someone of something. The Atlantic slave trade was an example of accumulation by dispossession, as Africans were dispossessed of their lives and freedom. Colonialism is another example, where resources are extracted, dispossessing the nation of its own resources.

Perhaps it would be helpful to expand upon Marx's ideas of accumulation by dispossession in regards to the central banking system. Central banking, not falling into the circuit of capital, and thus, accumulation as expanded reproduction, better represents an example of accumulation by dispossession. Money is given in loans at interest, to which the debtor is never meant to fully repay, and is dispossessed of its freedom and wealth through interest payments and debt bondage. Debt is just another word for slavery, therefore, the central banking system itself, functions through a system of accumulation by dispossession.

However, conventional understanding of accumulation by dispossession describes it as an interaction between capitalist and non-capitalist modes of production, where the capitalist mode will dispossess the non-capitalist mode of production. Central banking, however, is the pinnacle of the capitalist system, and ultimately, the primary source and avenue of its power, so it can hardly be said to be an interaction between capitalist and non-capitalist modes, as it is an interaction between central banks and ALL modes of production which need money – including the entirety of the capitalist system. Thus, industry/commerce, governments/nations, and individuals/people, are dispossessed of their freedom through debt bondage. This cannot simply be predicated in terms of class warfare or class-centric theory, but rather, an assault against all individuals, individuality, and freedom, in any and all forms. It is within this context that class structures are created, so as to play off one against the other – to compartmentalize people into classes, and thus, better control and manipulate the masses. It is a strategy of dividing and conquering people. Class, including the upper capitalist class, is constructed in an effort to conform thought within each class, and thus direct collective action of that class accordingly. The freethinking individual is the target in all cases. Individuality is to be removed from commerce, government, and society as a whole.

The Communist Manifesto

In the Communist Manifesto, published in 1848, Marx proclaims in the opening subtitle that, "The history of all society hitherto is the history of class struggles." However, if class itself is

a construct of powerful individuals, albeit throughout human history, can it not be argued instead that the history of all society is the history of the struggle of the individual against collectivity and control? Class itself is a collective grouping designed to control a mass of people, whether it is upper class or lower class. Individuals are stifled within all classes, and thus, the history of class struggles itself, is a history of the struggle between the free thinking individual and the collective form of control.

Within the Communist Manifesto, Marx (and Engels) outlined an initial program for an “advanced” nation to undertake in order to create a Communist system, with ten major points. (1) Abolition of property in land and application of all rents of land to public purposes; (2) A heavy progressive or graduated income tax; (3) Abolition of all right of inheritance; (4) Confiscation of the property of all emigrants and rebels; (5) Centralization of credit in the hands of the state, by means of a national bank with state capital and an exclusive monopoly; (6) Centralization of the means of communication and transport in the hands of the state; (7) Extension of factories and instruments of production owned by the state – the bringing into cultivation of waste lands, and the improvement of the soil generally in accordance with a common plan; (8) Equal liability of all to labour – Establishment of industrial armies, especially for agriculture; (9) Combination of agriculture with manufacturing industries – gradual abolition of the distinction between town and country by a more equable distribution of the population over the country; and (10) Free education for all children in public schools – Abolition of children’s factory labour in its present form [and] Combination of education with industrial production.[18]

Of particular importance is number 5, in which a central bank is advocated. If nations have the ability to create and issue a currency through a Treasury department or even on a more regional or local level, why centralize and monopolize creation of a currency to a central bank? It should be noted that the recommendation was to have it centralized “in the hands of the state,” however, central banks are today, still widely perceived as being within the purview of governmental authority, while acting and functioning totally outside of it and above it. Imposing a tax on one’s income (2), also seems to promote the commodification of labour, in that instead of industry exploiting one’s labour and extracting a profit from it, that becomes the job of the state. All property would be owned by the state (1), and virtually the entire economy is subject to the control of the state. Even education, while free, is directed by the state. With the “Confiscation of the property of all emigrants and rebels,” what room is there for dissenting thought in such a society? Dissent would not be encouraged within the “free education” system. In fact, conformity would be enshrined. Is this not a form of “accumulation by dispossession” in which the individual is dispossessed of free thought and action and submitted to the will of and restricted thinking allowed by the state? Within this paradigm the state accumulates power and authority by dispossessing people of individuality in thought and expression.

The Communist Manifesto ends with the declaration of, “Workers of all countries, Unite!” This, in and of itself, promotes class divisions within society, placing focus on the need for an international mobilization of the global working class to rise up against the capitalist class. Marx outlines that any successful workers’ revolution must be international.[19] Thus, this promotes the cosmopolitical notion of an international community, at least in initial terms of a transnational class system. Essentially, Marx argues that as capitalism expands,

what we will later term “Globalizes,” so too must the working class of the world “globalize” and “internationalize.” In a sense, this makes Marx, himself, an early globalist theorist, in promoting the concept of an international class uprising against the capitalist class. Ultimately, would this not simply replace the tyranny of one class for the tyranny of another? Throw out the capitalists and bring in the communists! Substituting one form of oppression for another is hardly a change in the right direction. In both systems, the individual suffers and free thought is stifled.

Though much Marxist criticism is extremely pointed in analyzing the functions and structure of the capitalist system, such theory itself, even though critical, must be critically examined.

Retaking America

The history of the United States from its founding through the 19th century to the early 20th century, was marked by a continual political battle revolving around the creation of a central bank of the United States. Mercantilists such as Alexander Hamilton, who was the first Treasury Secretary, were in favour of such a bank, and his advice won over George Washington, much to the dismay of Thomas Jefferson, who was a strong opponent to central banking. However, “[Alexander] Hamilton, believing that government must ally itself with the richest elements of society to make itself strong, proposed to Congress a series of laws, which it enacted, expressing this philosophy,” and that, “A Bank of the United States was set up as a partnership between the government and certain banking interests,”[20] which lasted until the charter expired in 1811.

Again, during the tenure of Andrew Jackson (1829-1837), the primary political struggle was with the entrenched financial interests both domestic and from abroad (namely Western Europe), on the issue of creating a central bank of the US. Andrew Jackson stood in firm opposition to such a bank, saying that, “the bank threatened the emerging order, hoarding too much economic power in too few hands,” and referred to it as “The Monster.”[21] Congress passed the bill allowing for the creation of a Second Bank of the United States, however, Andrew Jackson vetoed the bill, much to the dismay of the banking interests.

It was in the later half of the 1800s that “European financiers were in favor of an American Civil War that would return the United States to its colonial status, they admitted privately that they were not necessarily interested in preserving slavery,” as it had become unprofitable.[22] The Civil War was not based upon the liberation of slaves, it was, as Howard Zinn described it, a clash “of elites,” with the northern elite wanting “economic expansion – free land, free labor, a free market, a high protective tariff for manufacturers, [and] a bank of the United States. [Whereas] The slave interests opposed all that.”[23] The Civil War, which lasted from 1861 until 1865, resulted in hundreds of thousands of deaths, during which, “Congress also set up a national bank, putting the government into partnership with the banking interests, guaranteeing their profits.”[24]

As Lincoln himself stated:

The money powers prey on the nation in times of peace and conspire against it in times of

adversity. The banking powers are more despotic than monarchy, more insolent than autocracy, more selfish than bureaucracy. They denounce as public enemies all who question their methods or throw light upon their crimes.

I have two great enemies, the Southern Army in front of me, and the bankers in the rear. Of the two, the one at my rear is my greatest foe. As a most undesirable consequence of the war, corporations have been enthroned, and an era of corruption in high places will follow. The money power will endeavor to prolong its reign by working upon the prejudices of the people until the wealth is aggregated in the hands of a few, and the Republic is destroyed.[25]

Throughout much of the 1800s and into the 1900s, the United States suffered several economic crises, one of the most significant of which was the Great Depression of 1873. As Howard Zinn explained:

The crisis was built into a system which was chaotic in its nature, in which only the very rich were secure. It was a system of periodic crises – 1837, 1857, 1873 (and later: 1893, 1907, 1919, 1929) – that wiped out small businesses and brought cold, hunger, and death to working people while the fortunes of the Astors, Vanderbilts, Rockefellers, Morgans, kept growing through war and peace, crisis and recovery. During the 1873 crisis, Carnegie was capturing the steel market, Rockefeller was wiping out his competitors in oil.[26]

Massive industrial consolidation by a few oligarchic elites was the rule of the day, as J.P. Morgan expanded total control over railroad and banking interests, and John D. Rockefeller took control of the oil market, and expanded into banking. Zinn explained that, “The imperial leader of the new oligarchy was the House of Morgan. In its operations it was ably assisted by the First National Bank of New York (directed by George F. Baker) and the National City Bank of New York (presided over by James Stillman, agent of the Rockefeller interests). Among them, these three men and their financial associates occupied 341 directorships in 112 corporations. The total resources of these corporations in 1912 was \$22,245,000,000, more than the assessed value of all property in the twenty-two states and territories west of the Mississippi River.”[27]

These banking interests, particularly those of Morgan, were very much allied with European banking interests. On the European side, specifically in Britain, the elite were largely involved in the Scramble for Africa at this time. Infamous among them was Cecil Rhodes, who made his fortune in the diamond and gold mining in Africa, as “With financial support from Lord Rothschild and Alfred Beit, he was able to monopolize the diamond mines of South Africa as De Beers Consolidated Mines and to build up a great gold mining enterprise as Consolidated Gold Fields.”[28] Interestingly, “Rhodes could not have won his near-monopoly over South African diamond production without the assistance of his friends in the City of London: in particular, the Rothschild bank, at that time the biggest concentration of financial capital in the world.”[29] As historian Niall Ferguson explained, “It is usually assumed that Rhodes owned De Beers, but this was not the case. Nathaniel de Rothschild was a bigger shareholder than Rhodes himself; indeed, by 1899 the Rothschilds’ stake was twice that of Rhodes.”[30]

Cecil Rhodes was also known for his radical views regarding America, particularly in that he

would “talk with total seriousness of ‘the ultimate recovery of the United States of America as an integral part of the British Empire’.”[31] Rhodes saw himself not simply as a money maker, but primarily as an “empire builder.” As historian Carroll Quigley explained, in 1891, three British elites met with the intent to create a secret society. The three men were Cecil Rhodes, William T. Stead, a prominent journalist of the day, and Reginald Baliol Brett, a “friend and confidant of Queen Victoria, and later to be the most influential adviser of King Edward VII and King George V.” Within this secret society, “real power was to be exercised by the leader, and a ‘Junta of Three.’ The leader was to be Rhodes, and the Junta was to be Stead, Brett, and Alfred Milner.”[32]

In 1901, Rhodes chose Milner as his successor within the society, of which the purpose was, “The extension of British rule throughout the world, the perfecting of a system of emigration from the United Kingdom and of colonization by British subjects of all lands wherein the means of livelihood are attainable by energy, labour, and enterprise . . . [with] the ultimate recovery of the United States of America as an integral part of a British Empire, the consolidation of the whole Empire, the inauguration of a system of Colonial Representation in the Imperial Parliament which may tend to weld together the disjointed members of the Empire, and finally the foundation of so great a power as to hereafter render wars impossible and promote the best interests of humanity.”[33] Essentially, it outlined a British-led cosmopolitical world order, one global system of governance under British hegemony. Among key players within this group were the Rothschilds and other banking interests.[34]

In the early 20th century, European and American banking interests achieved what they had desired for over a century within America, the creation of a privately owned central bank. It was created through collaboration of American and European bankers, primarily the Morgans, Rockefellers, Kuhn, Loeb and Warburgs.[35] After the 1907 banking panic in the US, instigated by JP Morgan, pressure was placed upon the American political establishment to create a “stable” banking system. In 1910, a secret meeting of financiers was held on Jekyll Island, where they planned for the “creation of a National Reserve Association with fifteen major regions, controlled by a board of commercial bankers but empowered by the federal government to act like a central bank – creating money and lending reserves to private banks.”[36] President Woodrow Wilson followed the plan almost exactly as outlined by the Wall Street financiers, and added to it the creation of a Federal Reserve Board in Washington, which the President would appoint.[37] The Federal Reserve, or Fed, “raised its own revenue, drafted its own operating budget and submitted neither to Congress,” while “the seven governors shared power with the presidents of the twelve Reserve Banks, each serving the private banks in its region,” and “the commercial banks held stock shares in each of the twelve Federal Reserve Banks.”[38]

The retaking of the United States by international banking interests was achieved with barely a whimper of opposition. Where the British Empire failed in taking the United States militarily, international bankers succeeded covertly through the banking system. The Federal Reserve also had the effect of cementing an alliance between New York and London bankers.[39]

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Andrew Gavin Marshall is a Research Associate with the Centre for Research on Globalization (CRG). He is currently studying Political Economy and History at Simon Fraser University.

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