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# A History Of Central Banking And The Enslavement Of Mankind

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## THE UNSEEN ARCHITECTS OF POWER: A HISTORY OF CENTRAL BANKING AND THE ENSLAVEMENT OF MANKIND

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The story of human civilisation is often told through the lens of wars, inventions, and revolutions. Yet, running silently beneath these grand narratives is a more subtle, pervasive, and arguably more powerful force: the evolution of money. The control of currency, and specifically the institution of central banking, represents one of the most profound shifts in power dynamics in human history. The phrase "a history of central banking and the enslavement of mankind" evokes a controversial thesis: that the very system designed to stabilise economies may have, in fact, created a form of modern servitude. This article explores the historical trajectory of central banking, examining its origins, its consolidation of power, and the arguments that suggest this system has led to a subtle but systematic loss of individual and national sovereignty.

## Before the Leviathan: Money in a Pre-Central Bank World

To understand the implications of central banking, one must first understand the nature of money before its centralisation. For millennia, money was a commodity. Gold, silver, copper, salt, and even cattle served as mediums of exchange. Their value was intrinsic, determined by weight, scarcity, and utility. The system was largely decentralised. Kings and emperors minted coins, but their power was limited by the metal content. If a ruler debased the coinage—reducing the precious metal content to create more coins—the market quickly reacted with inflation, a lesson well learned by the Roman Empire.

Private banks emerged in medieval Italy and later across Europe. These were deposit-taking institutions that issued their own banknotes, redeemable for gold or silver. This was the era of

"free banking," where competition between banks kept note issuance in check, as a bank that issued too many notes risked a run on its reserves. The system was not perfect, but it was anchored to a physical reality. The idea that a single, monopolistic institution could control a nation's entire money supply was not yet conceived.

## The Birth of the Monster: The Bank of England and the Seeds of Control

The true origin of what we now call "central banking" is widely traced to the founding of the Bank of England in 1694. This was not an economic experiment; it was a war-financing mechanism. King William III was deep in debt from the Nine Years' War against France. The crown's credit was so poor that it could not borrow money from the public at reasonable rates. A clever Scotsman named William Paterson proposed a solution: a privately owned bank that would lend money to the government.

In exchange for a £1.2 million loan, the bank received a royal charter, granting it the exclusive right to issue banknotes in London. Suddenly, the government had a partner. The bank could create money out of thin air—banknotes—lend it to the government, and the government would then tax the people to pay interest back to the bank's shareholders. This was the birth of the "debt-money" system. At a stroke, the power to create

money was privatised and linked inextricably to state debt.

This innovation was a revolution. It allowed states to fund massive wars without immediately crushing their citizens with taxes. But it created a permanent dependency. The bank's notes became legal tender, forcing citizens to accept them. Over the following centuries, the Bank of England's model spread. It became the "lender of last resort," a concept that would eventually grant these institutions immense leverage over the entire economy. The seeds of "the enslavement of mankind," as critics would later frame it, were planted in this arrangement: the creation of money as debt, benefiting a small financial elite.

## The Spread of the Doctrine: From Private Charters to National Monopolies

The 19th century saw the central banking model metastasise across the Western world. The Bank of France was established by Napoleon in 1800, partly to stabilise finances after the Revolution, but also to consolidate state power. The Reichsbank in Germany followed in 1876. In the United States, the concept was deeply contentious. The First and Second Banks of the United States were chartered but then dismantled due to fears of federal overreach and elite control. President Andrew Jackson, in his famous war against the Second Bank, called it a "monster" that existed to make the "rich richer and the potent more powerful."

Yet, the forces of centralisation were relentless. The financial panics of the late 19th and early 20th centuries—especially the severe Panic of 1907—were used as a pretext for creating a permanent central bank. The narrative was simple: only a central bank could provide the "elastic currency" needed to prevent banking crises. The truth was more complex. The Panic of 1907 was successfully resolved by private financier J.P. Morgan, acting as a de facto central banker. The financiers, led by Senator Nelson Aldrich and a cabal of Wall Street bankers, saw an opportunity. They met secretly at Jekyll Island, Georgia, in 1910, to draft the blueprint for what would become the Federal Reserve Act of 1913.

## The Federal Reserve: A Consummation of Power

The creation of the Federal Reserve System in 1913 marked a pivotal moment in the history of central banking and the perceived enslavement of mankind. The system was sold to the public as a decentralised, quasi-governmental body that would stabilise the economy and democratise credit. In reality, it was a hybrid—a central bank controlled by a board of governors appointed by the President, but with strong operational control vested in the private member banks and the regional Federal Reserve Banks.

This structure was a masterstroke of institutional design. It appeared to be a public trust, yet its key functions—setting

interest rates and controlling the money supply—were insulated from direct democratic accountability. Critics, from Congressman Louis McFadden to Senator Robert Owen (one of the Fed's own architects), later denounced it as a tool of international bankers. The Fed's promise to end panics proved hollow. Its monetary policies in the 1920s are widely cited by economists like Murray Rothbard as the direct cause of the Great Depression. The Fed inflated the money supply, creating the stock market bubble, and then, when the bubble burst, it contracted the money supply, turning a recession into a catastrophe. The institution created to prevent crises had become the engine of the greatest economic disaster in modern history.

## War Socialism and the Final Divorce from Gold

The 20th century saw central banking evolve from a crisis manager into a permanent tool of state planning. World War I saw central banks become the primary financing arms of their governments, printing money to pay for armaments. The post-war period saw hyperinflation in Germany and other nations, wiping out the savings of the middle class. This was not an accident; it was a feature of the system. Inflation is a hidden tax that transfers wealth from savers to debtors—namely, governments and the financial institutions that hold their debt.

The Bretton Woods Agreement of 1944 pegged the world's currencies to the US dollar, which was itself pegged to gold at

\$35 per ounce. This created a semblance of discipline. However, the system was inherently unstable. The United States printed dollars to finance the Vietnam War and the Great Society programs. By 1971, foreign governments, led by France's Charles de Gaulle, demanded gold for their dollars. President Richard Nixon, facing a drain on US gold reserves, closed the "gold window." The final link between paper money and physical commodity was severed. The world entered the era of pure fiat currency—money created by government decree, backed by nothing but faith in the issuing central bank.

## Fiat Currency and the Mechanisms of Enslavement

Since 1971, central banks have operated without any external constraint. This is the context in which the phrase "a history of central banking and the enslavement of mankind" gains its most potent meaning. Without the discipline of gold, central banks can create money at will. This has led to a systematic devaluation of the currency. The US dollar has lost over 85% of its purchasing power since the Fed was created. This is not inflation of goods, but inflation of the money supply. It is a stealth tax.

The mechanisms of this modern enslavement are subtle but pervasive.

- **Debt as a Control Mechanism:** The entire modern economy is built on debt. Governments, corporations, and individuals are perpetually indebted to a banking system that creates the money to be lent. The central bank, by setting interest rates, determines the cost of this debt. It holds the power of life and death over borrowers.
- **The Business Cycle as a Policy Tool:** Central banks manipulate interest rates to create booms and busts. Low rates inflate asset bubbles, enriching the financial elite. When the inevitable crash comes, the central bank lowers rates again and bails out the big banks, while ordinary citizens lose their homes and jobs. This is the "plucking" model of the economy, where the central bank sets the strings.
- **The Loss of Time Preference:** When money is constantly debased, saving becomes irrational. People are incentivised to consume now, to speculate, and to go into debt. This erodes the virtue of thrift and long-term planning, making individuals more dependent on the state and the financial system for their survival.
- **Financing Total State Control:** Central banking enables the modern welfare-warfare state. Without the ability to print money, no government could sustain the current levels of spending on social programs, military interventions, and bureaucracy. The central bank is the engine that allows the state to expand without the explicit consent of the taxed.

## The Modern Era: Bailouts, Quantitative Easing, and Digital Threats

The 2008 Global Financial Crisis was a watershed moment. The central banks, led by the Fed and the European Central Bank, responded with unprecedented intervention. They bailed out the very institutions that had caused the crisis, using taxpayer money and newly created credit. Then came Quantitative Easing (QE)—the direct creation of trillions of dollars to buy government bonds and mortgage-backed securities. This was money printing on a scale never before seen in human history.

The QE programs did not trickle down to Main Street. They flowed directly into financial assets, creating a massive wealth gap. The top 1% got richer, while the middle class stagnated. The policy rewarded debt and punished saving. It was a direct transfer of wealth from the productive to the financialised sectors of the economy. This is the logical endpoint of a system designed by and for the banking elite.

The next frontier is the Central Bank Digital Currency (CBDC). Governments and central banks are actively exploring digital versions of their currencies. Proponents argue they will increase efficiency and reduce crime. Critics see them as the ultimate tool of surveillance and control. A CBDC could be programmed to expire, to lose value if not spent quickly, or to be restricted to

certain purchases. It could be used to impose negative interest rates, effectively confiscating savings. It is the final step in the enslavement of mankind: the complete digitisation and control of every economic transaction.

## A World Without Central Banking? The Case for Sovereignty

Is there an alternative? The history of central banking is not a history of progress, but a history of the gradual accretion of power by a small, unaccountable elite. The arguments against the current system are not merely conspiratorial; they are rooted in sound economic theory. The Austrian School of Economics, for example, has long argued that central banking is the primary cause of the business cycle and the destruction of wealth. Figures like Carl Menger, Ludwig von Mises, and Friedrich Hayek advocated for a return to sound money—a commodity-based currency, free from state manipulation.

The case against central banking is a case for human liberty. It argues that the power to create money is too dangerous to be left in the hands of any group, public or private. It is a power that corrupts absolutely. A system of free banking, where banks compete for customers based on the soundness of their notes and are subject to market discipline, offers a more stable and ethical alternative. The discipline of the gold standard, or a

similar commodity anchor, would prevent the inflationary