Salvation of the Saviors
(series 140-369)
Project 369 – Protocols of Reality:
Power Without a Throne…

A throne can be destroyed.
A king — overthrown.
A ruler — replaced.
Yet the most perfected
form of power begins when
there is no longer anyone to overthrow,
and power itself becomes
the rules by which the system exists.

Once, power was easy to see. It sat on a throne. It had a name, a face, a crown, a palace, an army. One could point and say: here is the sovereign — here is power. Such power could be hated, people could rise up against it, the monarch could be overthrown. Yet what if destroying the throne **DOES NOT MEAN** destroying power at all? What if power simply changes the form of its existence? The permanent power of an individual began to give way to temporary political power. A president comes and goes. Parliament changes. Ministers change. Parties win and lose. Yet certain institutions remain. And then an entirely different criterion of power emerges — the duration and depth of its influence on the system rather than the extent of its public authority.

We are accustomed to looking for power where visible decisions are made. Yet genuine long-term power may reside where **THE VERY CONDITIONS** within which decisions are made are determined. This is precisely why I decided to write an article that, in my view, goes far beyond a discussion of banks and money. It will address the next stage of the structure we began examining earlier: the search for permanence in a state built on the principle of turnover in power.

If a politician holds power for a few years while the financial system exists for decades; if governments change while debt obligations remain; if generations of voters succeed one another while the rules governing the circulation of money continue to operate, a simple question arises: what here is truly temporary, and what is permanent? And then money ceases to be merely a medium of exchange. It becomes **PART OF THE GOVERNING ARCHITECTURE.**

A person goes to work of their own accord because they need money. A business seeks profit because otherwise it will cease to exist. A state collects taxes, borrows funds, and services its obligations. Millions of people perform billions of actions necessary to the system, even though no one gives each of them a personal order every day. Governance **THROUGH CONDITIONS** emerges. The old power said: ***"Do it because I ordered you to."*** The new structure says: ***"Do it because there is no other way."*** This is what we will call stable rules, constraints, and perceptions that shape the behavior of people and institutions so profoundly that, over time, they begin to be perceived as the natural order of the world. The his(torah)y of the American financial system therefore interests us as more than simply a history of banks. We see a recurring sequence: decentralization generates chaos, chaos creates a demand for order, order requires a regulator, the regulator concentrates capabilities, concentration provokes resistance — and the

pendulum begins to swing back. Yet behind the movement of this pendulum, something **MORE IMPORTANT** gradually takes shape — the understanding that the financial system should outlast any government and remain further removed from immediate political struggles than an ordinary state institution. The central question, therefore, is not ***who governs America***. Such a question leads too quickly to a search for names and individuals. The question goes deeper: what structure **IS CAPABLE OF MAINTAINING** the direction of movement regardless of who temporarily occupies the summit of public power? This is precisely why we now enter the his(torah)y of American money, private banks, public debt, financial crises, and the struggle for a Central Bank. Our purpose is to see the essential point rather than become lost in dates and names: ***how the throne gradually disappears — while power remains***. And how the his(torah)y of money becomes the his(torah)y of the creation of power without a throne.



While the his(torah)y of the formation of the Bank of England is broadly clear and makes it relatively easy to trace the sequence of changes in financial power, the his(torah)y of the American banking system, which culminated in the creation of the Federal Reserve System, is considerably more complex. Here, there are far more interim decisions, conflicts, abandoned projects, political clashes, and returns to previously rejected ideas. If we immerse ourselves in all these details at once, they will begin to obscure the process itself. What matters to us now, therefore, is the system's **DIRECTION OF MOVEMENT** rather than individual names and dates. The trend becomes visible only in broad strokes.

Let us begin with the fundamental contradiction between the state and private capital. By the very nature of its existence, the state must be oriented toward preserving the whole — its territory, population, infrastructure, security, and economic stability. Private capital operates differently. Its natural focus is **ITS OWN EFFICIENCY** and profit. It can also bring enormous benefits to society, creating jobs, technologies, goods, and infrastructure, yet the public good is not necessarily its ultimate goal. It arises insofar as it coincides with its own interests. This is precisely why private initiative is most productive when the state creates room for it while also defining the boundaries of that space, rather than when the state disappears. In this sense, a strong state acts as the guardian of business rather than its **ADVERSARY:** it must allow private energy to unfold, while preventing it from destroying the conditions of its own existence.

The relationship between the state and private capital can be pictured as a kite and the string that holds it. The kite strives upward, constantly pulling the string taut. It seems that the string is precisely what prevents it from finally breaking free. Yet the paradox is that this very resistance gives it altitude. As long as tension exists between the kite and the hand holding it, it remains airborne. Sever the connection entirely — and for a while the kite will still appear free, yet it will then lose stability and fall. The string will fall with it.

The same logic applies to the relationship between the state and the market. The state can create conditions for projects beyond the capacity of an individual business precisely because of their scale, initial cost, or distant prospect of a return on investment. Private capital then fills the space created with

production, competition, and technology. In other words, the state can **CREATE THE ENVIRONMENT,** while business can operate within it most effectively. From this, a division of spheres emerges his(torah)ically. Where competition can improve efficiency, the state can step back, handing over a substantial share of activity to private initiative: trade, construction, manufacturing, and numerous services. Yet there are areas directly connected with preserving the state itself that it traditionally seeks to retain under its control: the armed forces, strategic infrastructure, natural monopolies, and, particularly important to our discussion, money.

Money here must be understood as something far broader than a coin or a banknote. Whoever determines the rules governing money issuance, credit, the cost of money, and access to it **GAINS THE ABILITY** to influence the movement of resources throughout society. For this reason, throughout much of history, the right to mint coins was one of the most important attributes of sovereign power. Placing the monetary system in private hands meant transferring part of the state's sovereignty to someone else — much as granting a private organization independent control over the army would.

This is precisely why the English transformation we examined in previous articles was of fundamental importance. Transferring the monetary system's most important functions to the **BANK OF ENGLAND** became possible only after the country's political architecture itself had changed. Under an absolute monarchy, the structure remained unstable — a single decision by the monarch could potentially change the rules. Once power was divided among institutions, room emerged for a force capable of outlasting any individual ruler.

In North America, this logic developed further. The state system created there was built from the outset on the **MAXIMUM SEPARATION** of powers and the temporary nature of supreme political authority. A problem immediately arose that had scarcely existed under a hereditary monarch: ***the political cycle and the financial cycle differed in length***.

An elected politician inevitably operates within a limited time frame. Today they win an election, tomorrow they form an administration, then they begin thinking about maintaining support, and a few years later they either stand for election again or leave office. Even with exceptional abilities, they are compelled to devote a **SUBSTANTIAL PART** of their intellectual resources to day-to-day matters.

The financial system operates differently. Credit, public debt, investment, industrial development, and monetary circulation can have consequences decades later. A systemic contradiction arises — temporary political power must make decisions in an area where the consequences extend far beyond its own tenure. It is here that the subject of brain genotypes takes on particular significance for our investigation.



A person's ability to perceive a process is determined by more than the amount of information available to them. It is connected with the brain's very capacity to bring events separated in time and space into a unified structure of cause and effect. A person may understand one part of a system perfectly well and simultaneously **FAIL TO SEE** the system as a whole. The problem with the American model therefore went beyond whether a good or bad president came to power. The architecture of

power itself **LIMITED THE HORIZON** within which any president had to act. This is fundamental. The person can be replaced. The architecture will remain.

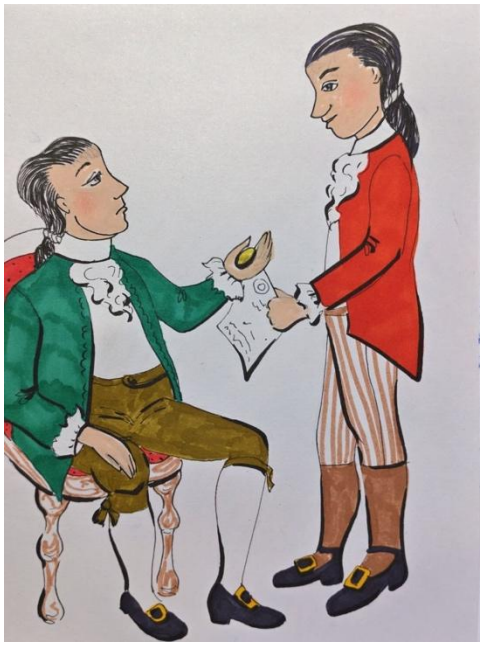
The shorter a person's tenure at the summit of governance and the more their attention is occupied by current political conflicts, the harder it is for them to reach an understanding of processes unfolding over several generations. In terms of the genotypic model we are examining, this means that the system could **FUNCTION STABLY** by relying primarily on people capable of operating exceptionally well within their assigned sphere, though not necessarily capable of seeing the entire governing structure. From this, the next question naturally arises: how can the financial system be protected from political turnover? At first glance, the answer seems entirely reasonable. If a politician is a temporary figure, while the monetary system requires professional knowledge and a long planning horizon, then politicians' influence over money must be **REDUCED AS MUCH AS POSSIBLE.** Financial affairs should be handled by professionals who have devoted their lives to this work rather than by people who happen to have won the latest election. Just as a building should be designed by an architect and teeth treated by a dentist, so, according to this logic, the monetary system should be **MANAGED BY SPECIALISTS** in money and credit. Competition should select the most effective, pushing out the weak and retaining the strongest.

If banking is a profession, if lending is a service, if producing financial instruments is a specialized activity just like manufacturing machinery or building houses, then why should the state be directly involved in money at all? Let the state establish general rules, collect taxes, and maintain order, while professionals service the financial machinery. The logical chain is complete. Yet with it arises an entirely different question, far more serious than the question of bankers' professional competence. **WHO WILL** oversee the professionals if they are entrusted with managing the very means through which practically the entire rest of the economy is controlled?

It is precisely with this contradiction that the real history of the American Bank begins. The creation of the Federal Reserve System is still far off. America will make several attempts to approach such a structure, then retreat from it, dismantle what it has created, and return once again to virtually the same solution. Through this struggle, we will see more than simply a history of banks. We will see a struggle between two principles of governance — the temporary, visible power of the state and the gradually emerging permanent power of the financial system.

The rejection of strict state regulation of the financial sector had a predictable consequence for the young America — the country effectively also abandoned a unified, centralized monetary system. Financial activity was dispersed among the states, banks, private issuers, and market participants themselves. **EACH STATE** established its own rules and could authorize institutions holding the appropriate license to issue money. For a long time, the central government lacked the degree of control over the banking system that today seems a natural attribute of the state. Its primary concern lay elsewhere: taxes, customs duties, and payments to the state had to be received in a trustworthy form. Gold and silver remained this universal measure of trust, along with paper backed by a promise of exchange for precious metal.

As a result, America's monetary landscape was extraordinarily varied. Gold and silver coins from different countries circulated, precious metal was accepted by weight, and various private obligations circulated alongside it. In some places, receipts backed by a particular commodity — tobacco or whiskey, for example — could serve as money. If such a receipt could be presented and actually redeemed for the specified quantity of goods, it acquired the characteristics of a local means of payment. Yet the main direction of development was toward paper money — notes promising the holder a certain amount of gold or silver.



And here America began to repeat the story of **"FINANCIAL ALCHEMY"** already familiar to us from previous articles. As long as a paper obligation can actually be exchanged for the stated quantity of metal, it serves as a convenient substitute for gold. It is easier to store, transport, and transfer. The economy gains the mobility it needs. Yet at the same time, the temptation arises to issue more notes than there is gold to redeem them. Each piece of paper can carry the promise: "The bearer is entitled at any time to demand gold at the stated face value." Yet a promise printed in ink is one thing, and physical gold in a bank vault is quite another. It was precisely here that the contradiction arose. Some banknotes were indeed exchanged for metal without difficulty. Yet there were also banks that were **EXTREMELY RELUCTANT** to honor their own obligations. As long as banknote holders used the notes as ordinary money and did not all demand gold at once, the system could continue to exist. The problem began when confidence vanished and large numbers of people simultaneously remembered that the paper was merely a receipt. A peculiar business even emerged. People with sufficient capital, connections, and resources bought up the depreciated banknotes of troubled banks at prices **SIGNIFICANTLY BELOW** face value, then presented them to the issuer and demanded that the printed promise be fulfilled — payment in gold in full. An almost grotesque picture emerged — one rule existed on paper, while in practice a struggle for the actual metal began. Those with greater power, information, and resources obtained the gold. The rest were left with paper and the hope of passing it on to someone else. Financial chaos became a consequence of the structure itself rather than an accidental occurrence.

Numerous issuers, different rules in individual states, banknotes from hundreds of banks, varying degrees of reliability, and the absence of a unified oversight mechanism inevitably **GENERATED INSTABILITY.** The failure of one prominent institution could undermine confidence in others. People began demanding gold, banks faced shortages of metal, credit contracted, businesses lost financing — and a local financial problem became an economic crisis. Yet there was another side to the problem. Even the state, which demanded reliable money from private banks, faced the temptation to create money out of paper.

As long as the treasury is full, this temptation can be avoided. The state can discuss financial discipline, the future of the economy, and the need to maintain confidence in the monetary system. Yet the history of a state consists of **MORE THAN** peaceful periods. Wars, extraordinary expenditures, and political upheavals arise — situations in which money is needed today rather than in ten years or even one.

If the treasury is empty, the choice becomes stark. The state can preserve financial integrity and lose the war, or obtain resources now, shifting the consequences of its decision into the future. Then the state **ITSELF SWITCHES ON** the printing press. Paper acquires value because it is backed by state power rather than because it directly represents a claim to gold. The state declares: this paper can be used to pay taxes, customs duties, and other compulsory payments. Sometimes it promises to exchange it for metal after a specified period. Sometimes it adds further incentives intended to sustain public confidence.

Here, an extremely important change takes place in the very nature of money. Previously, trust followed a simple chain: ***paper ➔ bank ➔ gold***. Now a different chain emerges: ***paper ➔ state ➔***

society's obligation to accept this paper in certain transactions. Yet both structures rest **ON THE SAME** invisible foundation — trust.

If people are confident that a bank will deliver the gold, its receipt circulates almost like gold itself. If people are confident that the state will fulfill its promise, government-issued paper also acquires purchasing power. Yet if promises are repeatedly broken, trust begins to disappear. The paper loses value without the paper itself having changed. What has changed is people's perception of what stands behind it. Here, the connection with the question we are examining — how human perception is organized — becomes **ESPECIALLY INTERESTING.** Money exists simultaneously in two realities. In material reality, it is metal, paper, a record, or some other medium. In informational reality, it is a socially recognized measure of the ability to obtain something in the future. As long as collective consciousness recognizes this possibility, the symbol functions. When that recognition disappears, yesterday's value can turn into attractive paper rubbish.



From the perspective of the development of brain genotypes, another feature of the emerging system becomes apparent here. To participate in monetary circulation, a person **DOES NOT NEED** to understand the financial structure as a whole. It is enough to know a small set of rules: this paper is accepted; others use this bank; the state accepts it in payment of taxes; goods can be purchased with it today. A person operates within a local part of the system, **WITHOUT ASKING** how it is organized in its entirety. This is precisely why such a system can grow increasingly complex while appearing simple to most participants. Yet the more complex America's financial machinery became, the more clearly the fundamental contradiction of the original structure emerged. The country wanted the greatest possible freedom for private finance alongside stable money; independent banks alongside nationwide trust; weak central oversight alongside a strong economy. Reconciling all of this proved **CONSIDERABLY HARDER** than proclaiming it.

America had not yet arrived at the Federal Reserve System. A long road still lay ahead. Yet it was precisely amid the chaos of numerous banks, competing banknotes, periodic crises, and state monetary experiments that an idea gradually took shape which would later transform the entire structure: if money is the blood of the economic organism, can that organism exist when each of its organs independently decides what kind of blood to issue and how much there should be? And if the answer proves negative, the next question inevitably arises: **WHO THEN** should be granted the right to govern this circulation — the State or the Bank?

One of the first major tests of the new American financial structure arose almost simultaneously with the struggle for independence. After the "Boston Tea Party,"[1] the confrontation with England rapidly

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[1] **The Boston Tea Party** was a famous protest by American colonists on 16 December 1773, involving the Sons of Liberty and the tax on tea. During the protest, colonists destroyed a shipment of tea in Boston Harbor, providing an impetus for the American Revolution.

ceased to be a dispute over taxes and became a war. War required an army, weapons, food, transport, gunpowder — and all of this required money. Yet the state, which had barely begun to take shape, had almost none. A situation arose in which financial theory confronted the basic necessity of survival. One can discuss the reliability of money, gold backing, and financial discipline endlessly, yet if there is nothing with which to pay the army today, tomorrow the very state that intended to observe that discipline may **NO LONGER EXIST.**

A solution was found in issuing paper obligations. Robert Morris,[2] who would later play a significant role in shaping the American financial system, became one of those advocating the search for monetary mechanisms to finance the war. The logic of emergency money was exceedingly simple: there was no gold available now, yet paper could be given value through a promise of the future. The state would win — and then its obligations would be redeemed. If the state lost and ceased to exist, there would be no one left to hold accountable anyway.

Congress took this path and began issuing paper money to cover military expenditures. Individual states joined the process as well. The central question became **HOW TO SURVIVE** until victory rather than where to obtain enough metal after the war to fulfill the promises. Thus emerged a financial instrument whose value was shifted from the present into the future.

The army received paper money and used it to pay those supplying it with food, clothing, horses, weapons, and other necessary resources. Yet for a farmer or merchant, the state's promise of future gold was considerably less convincing than actual gold. They had to hand over real bread, meat, or goods today in exchange for paper whose true value would become apparent only tomorrow. And if voluntary trust was insufficient, the force of the state gradually **BEGAN TO EMERGE** behind the financial obligation. The producer was effectively told: the state needs your goods today, and in return you receive its promise to pay. Paper became money because **IT WAS BACKED BY POWER** waging war rather than because the market had unconditionally recognized it as equivalent to metal. Yet a person can be forced to accept paper. Forcing them to believe in its value is considerably harder.

As money issuance increased, confidence fell, and the purchasing power of Continental currency fell with it. Its depreciation became so severe that the word ***continental*** itself would later become a symbol of virtually worthless paper. A vicious circle emerged: the state needed ever more resources, so it issued ever more money; the growing quantity of paper accelerated the decline in its value; obtaining the same number of resources required still more paper — making it necessary to **INCREASE** money issuance **AGAIN.**

The authorities attempted to halt the process through administrative measures. If people refused to recognize state-issued paper as money of full value, they had to be compelled to do so. Yet a law can require a person to accept a banknote — it cannot order the market to preserve its value. The result was almost the same as we have already seen in other historical episodes. Goods **BEGAN TO DISAPPEAR** from official trade.

If a seller is forced to hand over goods for money that may be worth half as much tomorrow, the most rational response is to withhold the goods from sale altogether or move trade to where prices are determined by the actual relationship between supply and demand. A shadow market emerges. The state

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[2] **Robert Morris** (1734–1806) went down in history as the "financier of the American Revolution" and the only Superintendent of Finance of the United States (1781–1784), who laid the foundations of the young state's public credit and banking system.



loses part of its tax base at precisely the moment when it needs it most. Yet the war continues. Soldiers must be fed today. The printing press therefore keeps running, and the monetary system sinks ever deeper into chaos.

By the end of the war, Continental currency had **VIRTUALLY LOST** its former role and disappeared from normal circulation. Here, a very important parallel emerges with the French Revolution we examined earlier. A few years later, revolutionary France would face a similar problem: first the assignats, then attempts to fix their value through administrative measures, further depreciation, and new monetary experiments. The recurrence of such mechanisms allows us to frame the question much more broadly — are we looking at a chance coincidence of historical circumstances, or a pattern inherent in any system attempting to replace trust in a measure of value with an administrative order to recognize that measure?

For most people, money does not exist as an immensely complex system of social obligations. It exists as a **FAMILIAR MEASURE:** a person gives up the product of their labor and must be confident that the token received will allow them to obtain a comparable product of someone else's labor tomorrow. To use money, it is entirely unnecessary to understand the mechanism of issuance, public debt, or the banking multiplier. A person accepts the token because others accepted it yesterday and because they expect it to be accepted tomorrow as well.

Such behavior is particularly important for understanding societies in which the majority operates within established rules and **DOES NOT REACH** the level of examining the system as a whole. It is precisely here that the distinction emerges between the ability ***to act within a structure*** and the ability ***to see the structure itself***.

Millions of people can use money every day without asking who created their measure of value, who changes its parameters, and why this measure one day begins to shrink in their very hands. Yet for those who understand how the financial system works, a crisis brings more than disaster. It creates opportunities.

After victory in the War of Independence, the question of accumulated obligations arose. Government and state-issued securities that had sold for a tiny fraction of their face value during the crisis **ONCE AGAIN BECAME** the focus of attention. A fundamental question emerged — should the new authorities honor the promises made during the hardest period of the war? From the standpoint of trust in the state, the answer seemed obvious. If a new state begins its existence by repudiating its own obligations, what will its next promises be worth? Yet another side to the issue emerged. By this time, a substantial share of the depreciated obligations had already changed hands. Those who had once received paper in exchange for real goods and, having lost faith, sold it for next to nothing **WOULD RECEIVE** nothing more. Meanwhile, someone who had bought thousands of these securities for a small fraction of their face value could, upon full redemption, turn yesterday's virtually worthless paper into an enormous fortune. What constituted the **RESTORATION OF TRUST** for the state became, for a well-informed speculator, a mechanism for turning information into gold.

Yet something else is even more important to our understanding. Alongside the resolution of the debt problem, a movement toward the centralization of American finance began. Previously, individual

states had enjoyed considerable financial independence. They collected their own taxes, issued their own obligations, and determined many of the rules governing monetary circulation. Yet if the federal government assumed responsibility for the collective obligations and the financial stability of the entire structure, a demand naturally arose — whoever was responsible for the system **MUST ALSO RECEIVE** the tools to govern it. Here, a fundamental turning point occurred. Until then, America had been built on the greatest possible dispersal of financial power. Now, the very chaos arising from that dispersal began to be used as an argument for creating a center. History seemed to come full circle, bringing us back to England. Initially, the idea had been that money must not be entrusted to a single center because concentrating financial power was dangerous. Practical experience then revealed the other side — if there are too many financial centers, chaos arises, and chaos **DESTROYS TRUST** in the monetary system itself.

Robert Morris proposed restoring order by drawing on an existing historical model — the experience of the Bank of England. In other words, the idea emerged of creating a banking institution in America capable of performing some of the functions of a central financial hub. Here began the next, considerably more interesting stage. The question was no longer whether America needed a financial center. Practical experience was gradually pushing the country toward an affirmative answer. The central question became something else — who should own this center? The state, representing society as a whole, yet subject to short political cycles? Or the professional banking community, capable of thinking across much longer financial periods, yet **HAVING ITS OWN** private interest? It was around this contradiction that a struggle would subsequently unfold in America, lasting more than a century. Banks would be created and dismantled, presidents would enter into open conflict with financiers, and financial crises would become arguments for both sides — until a structure finally emerged that the entire world now knows by three letters: ***THE FED.***

Here, American financial history entered a particularly revealing period. Whereas previously we had seen a struggle between two principles — centralization and the dispersal of power — this same struggle now moved directly into the monetary system. Something curious happened: whenever financial power was dispersed, chaos arose; when that chaos became dangerous to the state itself, a demand emerged for a center. Yet the newly created center very quickly **BEGAN TO DEVELOP** interests of its own. A kind of pendulum emerged — chaos gave rise to centralization, centralization gave rise to fear of monopoly, and dismantling the monopoly gave rise to chaos once again. It is precisely here that it makes sense to pause. What followed went beyond **MERELY** another round of struggle between the state and the banks, becoming a gradual search for a financial structure capable of reconciling the seemingly incompatible: creating a unified center without calling it a single center; concentrating control while preserving the outward appearance of distribution; ensuring the permanence of the financial system within a state whose political power remained temporary by design.

Here, the meaning of ***"Power Without a Throne"*** begins to unfold at a much deeper level. We have seen how the disappearance of a single visible financial center does **NOT NECESSARILY** mean the disappearance of concentrated financial capabilities. On the contrary, power may become less visible precisely because it is no longer tied to one person, one palace, or even one bank. It begins to exist within **THE VERY STRUCTURE** of relationships. This is the level we spoke of earlier — seeing an individual bank, a crisis, or a presidential decision is relatively easy. It is considerably harder to discern a **RECURRING ALGORITHM** unfolding over decades, then rise still higher and attempt to understand the system within which that algorithm reproduces itself. In the next article, therefore, we will continue from precisely where we left off rather than begin a new subject.

We will trace the further movement of this financial pendulum and see why, after so many attempts to dispense with a unified financial center, America would eventually return to the need to create one. This time, however, the center would have to be organized in an entirely different way.

Next, we will examine together how, out of the prolonged struggle between chaos and centralization, a structure gradually **BEGINS TO TAKE SHAPE** that would later become known as the ***Federal Reserve System of the United States***. We will then be able to pose the next, far more important question: ***if the throne has disappeared, its occupant can be replaced, and the system remains — where does power actually reside?***

To be continued…

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