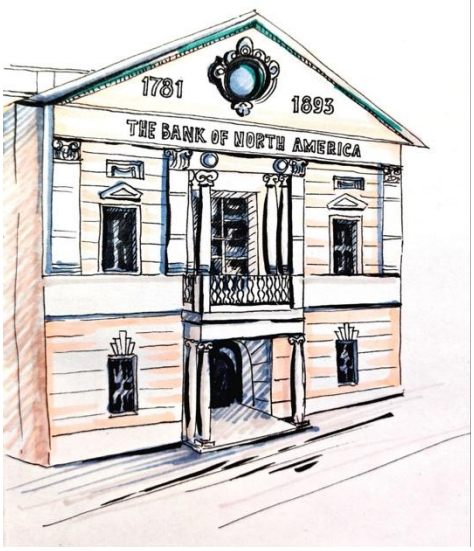
Salvation of the Saviors
(series 141-369)
Project 369 – Protocols of Reality:
The Measure of Trust…

Money exists as long as
trust in it exists.
Yet true power begins when
someone gains the ability
to determine the very measure of trust
rather than the price of money.

In the previous article, we stopped at the point where the American financial system faced a contradiction that could not be resolved by a simple decision: the dispersal of financial power generated chaos, yet its concentration inevitably created a new center of power. The pendulum began a movement that would continue for more than a century. Yet now we need to look at this process somewhat differently. Money derives its power **NOT FROM** the number printed on paper. Its power arises when there is trust in what that number represents. As long as gold stood behind the paper token, the measure of trust was the ability to exchange paper for metal. Yet as the financial system grows more complex, more and more intermediaries appear between the individual and gold — banks, the state, debt obligations, laws, credit. Consequently, the very object of the struggle **GRADUALLY CHANGES.** The question is no longer simply who prints money, rather who determines which money society should trust.

Here, the title of this article — ***"The Measure of Trust"*** — takes on its first meaning. Whoever gains the ability to establish such a measure acquires a particular kind of power. They no longer need to tell millions of people directly what to do. It is enough to shape conditions in which some financial instruments will be perceived as reliable, others as questionable; some institutions will be trusted, others will not; one form of credit will be given a clear path, another will be blocked. This **ALLOWS US TO SEE** a fundamentally important transition — governance gradually shifts from acting directly upon an object to shaping the conditions within which that object performs the required action on its own. This is precisely why the history of money is also the history of changing methods of governing the individual and society. And this next stage of American financial history begins with an event that, at first glance, appears to be merely the creation of another bank.

In 1781, the Bank of North America emerged — a private bank assigned a special role in the young country's financial structure. It was conceived as the **FIRST STEP** toward bringing the fragmented monetary landscape into a unified system. The bank issued paper obligations that acquired a special status in dealings with the state. Thus, among the many private monetary tokens, one began to stand out, supported by both trust in a particular bank and its connection with federal authority. This was a fundamental turning point. Previously, a person receiving a banknote had first needed to ask: who issued it, and could this bank be trusted? Now, a different logic gradually emerged. If the state accepted a particular paper, something greater than a private promise stood behind it. Thus, a new level of financial power began to take shape — the power to establish the **MEASURE OF TRUST.**



Other banks could still issue their own money. Yet their paper **DID NOT HAVE** the same status. Thus, financial freedom formally remained, while a privileged center emerged within it. This was precisely what provoked resistance. The states did not want to surrender their financial capabilities voluntarily to the federal center. Regional banks were even more **UNWILLING** to face a competitor whose advantage was secured by the state structure itself. A struggle began to return to a more decentralized system.

The first experiment in centralization proved fragile. America once again returned to a multitude of banks and monetary tokens. Yet the problem did not disappear. On the contrary, it seemed to retreat beneath the surface, ready to reappear at the first serious upheaval.

The War of 1812 with England became just such an upheaval. His(torah)y almost literally repeated the previous cycle. War required enormous amounts of money. The state needed to pay the army, purchase weapons and food, and provide transport. When ordinary revenues proved insufficient, the familiar solution emerged — **EXPANDING THE ISSUANCE** of paper obligations. Once again, the present was paid for with the future. Once again, the state was forced to address today's needs through tomorrow's promises. And once again, the money supply began to become detached from the material backing that was supposed to substantiate its value.

After the war ended, the problem **DID NOT DISAPPEAR** with the last shot. The war was over, yet the monetary environment it had created remained. Moreover, the absence of a unified regulator allowed numerous banks to continue issuing their own money. By 1816, the number of banks was growing rapidly, the monetary landscape was becoming increasingly varied, and it was becoming ever harder for a person to determine the actual reliability of a particular banknote.

Here we return to the development of brain genotypes, approaching it from another angle. The more complex the financial system became, the fewer opportunities an ordinary market participant had to see it as a whole. For a farmer, artisan, merchant, or worker, there was a particular piece of paper received today and needed for payment tomorrow. To establish its actual reliability, **IT WAS NECESSARY TO KNOW** the condition of the issuing bank, the size of its gold and silver reserves, the volume of obligations it had issued, the position of other banks, and numerous other circumstances. Most people could not undertake such analysis, nor should they have been expected to.

Within this line of development, this is fundamental — the system grows more complex faster than the average person acquires the ability to see it as a whole. A person continues making decisions within the portion of reality accessible to them, while the structure itself **ALREADY OPERATES** at a considerably higher level of interconnectedness. This is precisely why an objective need arises for an institution capable of seeing at least the financial landscape as a whole. In 1816, the Second Bank of the United States became that institution. It was granted a twenty-year charter and a special position within the national financial system. It was assigned a task that appeared entirely reasonable: if private banks promised to exchange their banknotes for gold and silver, someone had to compel them to honor that promise. It was precisely the **PROMISE OF EXCHANGE** that made paper resemble gold.

A bank could put any number of fine words on paper, add seals and signatures, yet the economic meaning of a banknote came down to one thing — the bearer had to be able to obtain the stipulated

quantity of metal in exchange for it. As long as this promise is honored — the paper represents gold. Once it ceases to be honored — the gold remains merely a printed promise. It would seem that the Second Bank should have become the guardian of this principle. Yet here another side of the structure emerged. A bank does not exist in a vacuum. Behind the regional banks stood owners, shareholders, debtors, entrepreneurs, politicians, and influential families. The financial network gradually permeated society so deeply that compelling a bank to honor its obligations meant **NOT MERELY** putting pressure on a faceless organization. It meant affecting the interests of specific and often very influential people.

What would later become one of the financial system's most important features began to emerge — a bank is protected by more than its own capital — it is protected by the **NETWORK OF DEPENDENCIES** it has built around itself. A shareholder has an interest in the bank's survival. A debtor has an interest in the bank's survival. An entrepreneur depends on the bank's credit. A politician depends on the entrepreneur and the voter. The state depends on credit and taxes. The result was a structure in which it was already difficult to determine who governed whom.



The Second Bank faced a choice. It had to limit other banks' issuance of money, demand payment in metal, and restore financial discipline. Yet at the same time, it itself **HAD THE RIGHT** to issue money and enjoyed enormous advantages within the existing system. Gradually, the overseer became a participant in the very process it was supposed to oversee.

Instead of putting a definitive end to the excessive issuance of paper obligations, the central financial institution itself became one of the largest producers of that paper. Hence the caustic assessment of its contemporaries — instead of stopping the paper-making machine, the Bank effectively took charge of it. This is **NOT MERELY** a history of banking regulation. A broader law of governance begins to emerge — an oversight body embedded in the same system of interests as the institutions it oversees gradually loses the ability to act as an external arbiter.

By 1820, the problem of converting paper money into coin remained unresolved. Formally, the promise existed. In practice, securing its fulfillment was far from straightforward. Particularly interesting was the explanation contemporaries gave European observers for this situation. These observers looked at the American situation and could not understand: if a banknote holder had the right to demand coin from a bank, why would society simply **NOT COMPEL** the banks to honor their obligations? The answer lay in the very structure of dependency. A substantial part of society either owned bank shares or owed money to banks. The former had no interest in destroying the source of their own income. The latter feared the institution on which their financial position depended. An independent person who decided to mount a serious challenge to the established system risked discovering that they were no longer confronting a single bank. They were confronting an **ENTIRE NETWORK** of interests. Here we approach an extremely important idea. Invisible power does not necessarily arise when a group secretly assembles and decides to govern everyone else. This is an overly simplistic understanding of governance. A system in which everyone defends it for their own reasons is considerably more stable. The shareholder protects their profit. The debtor — their credit. The banker — their bank. The entrepreneur — their access to capital. The politician — economic stability. The citizen — their savings. No one **NEEDS TO BE GIVEN** an order to defend the entire structure. Everyone protects their own small sphere of interest — and the combined effect of millions of such local actions begins to protect the system as a whole.

High-level governance does not have to look like an uninterrupted chain of orders from the top down. The more perfectly the structure is organized, the more its elements perform the necessary actions independently, perceiving them as their own choice. If we overlay the genotypic picture onto this, something else becomes clearer. Most participants see their own fragment: ***credit, profit, a banknote, debt, elections, a tax***. Far fewer can connect these fragments into a system. Fewer still can rise above the system and ask — what direction is it taking, regardless of the intentions of individual people?

America would attempt **SEVERAL MORE TIMES** to dismantle the financial center and return to banking freedom. Each time, it would encounter the same paradox — by dismantling the center, it gained freedom — yet chaos returned along with that freedom. By creating a center to suppress chaos, it gained order — yet a new concentration of financial power emerged along with that order. This pendulum was still far from coming to rest. Ahead lay one of the most serious confrontations between the American state and the banking system. The central figure of the next stage would be a president who would decide that the Second Bank had become an independent center of power rather than an instrument of the state. His name — ***Andrew Jackson.***[1]

Here, the American financial experiment reached another paradox. It would seem that the banks' refusal to honor their central promise — freely exchanging the paper they issued for gold — should have immediately disrupted economic life. The opposite happened: for a time, the economy experienced a rapid expansion. Money became plentiful. Credit became more accessible. Entrepreneurs gained the ability to expand their businesses considerably earlier than they could have by accumulating their own capital — through borrowing. Trade grew, land prices rose, real estate became an object of speculation, and the securities market developed. In 1817, an organized stock exchange began operating in New York. It seemed as though a mechanism had been discovered for producing wealth almost out of nothing.

It is particularly important to understand the psychology of this period. For a person **OPERATING WITHIN** a rising market, increasing prices appear to prove the reality of wealth itself. If a plot of land was worth a thousand dollars yesterday, two thousand today, and buyers are prepared to pay three thousand tomorrow, its owner feels three times richer. They do not ask whether the quantity of actual goods has tripled. For them, price becomes the proof of wealth.

It is precisely here that the financial system first began to demonstrate with particular clarity its **ABILITY TO CREATE** perceived reality before material reality changes. A fundamental difference in the scope of perception becomes apparent here. One level sees an event — land prices are rising. Another can connect the rise in land values with the expansion of credit. The next must recognize credit's dependence on banks' issuance of money. A still broader horizon requires asking — what will happen to the entire structure if confidence in the paper leads its holders to demand, all at once, the gold that this paper promises?

The narrower the perspective, **THE MORE WONDERFUL** events appear. The higher the observer rises, the clearer the contradiction becomes. There are already far more paper claims to gold than there is gold itself. As long as no one demands that all promises be honored simultaneously, the system works. More than that — it flourishes. Paper passes from hand to hand, credit creates new demand, demand drives prices upward, rising prices increase the value of collateral, and that increased collateral can secure further credit. **A CHAIN EMERGES** of positive feedback, in which each successive result becomes the basis

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[1] **Andrew Jackson** — the seventh president of the United States, serving from 1829 to 1837. He was the first president elected as a Democratic Party candidate and one of the party's founders.

for further expansion. Yet another chain exists at the same time — still invisible.

The greater the volume of paper obligations issued relative to the gold reserve, **THE MORE DANGEROUS** it becomes for their holders to attempt to turn the promise into metal. People begin to worry. Each person individually acts entirely rationally. If there is doubt about the paper, it is better to obtain gold now, while enough remains. Yet when many people make this rational decision simultaneously, individual caution becomes a systemic catastrophe. Here is another important principle of organized governance — behavior that is reasonable for an individual element may prove destructive to the entire structure.

The Second Bank was obliged to exchange its obligations for metal. However, it was physically **UNABLE** to honor this promise for all holders simultaneously — more paper claims had been created than there was metal to back them. As long as society believed, the contradiction remained almost imperceptible. Once confidence began to disappear, the hidden imbalance came to the surface. The pendulum then swung sharply in the opposite direction. Credit contracted instead of expanding. Easy money gave way to a shortage. Asset values fell instead of rising continuously. Real estate, land, and shares, which had so recently seemed an inexhaustible source of wealth, began to lose value.

Imagine an organism that has suddenly lost almost half its circulating blood. It does not matter how healthy its individual organs are. They begin to **EXPERIENCE A SHORTAGE** of nourishment simply because the delivery system has been disrupted. Something similar happens to the economy. A business may remain productive. The land has not disappeared. The houses stand where they did before. Workers have retained their skills. Shops are capable of trading. The physical component of the economy has not vanished in a matter of months. **SOMETHING ELSE DISAPPEARS** — the measure that connects the separate parts of the economy. Society begins to return to a more primitive form of exchange. Where paper is no longer trusted, things whose value requires no promise from a bank become money once again: grain, tobacco, whiskey, and other real assets.



A remarkable picture emerges. Yesterday, society appeared wealthy; today — poor. Yet the houses, fields, people, and productive capabilities have largely remained the same. This means that material reality alone has not changed. The **SYSTEM OF RELATIONSHIPS** among its elements has changed. This is an extremely important point. A system is not defined simply by the sum of its constituent elements. What matters critically is the **ORGANIZATION OF CONNECTIONS** among them. Destroy those connections — and preserving the elements themselves no longer guarantees the preservation of the system. A financial crisis makes this principle almost physically visible. Production exists, goods exist, people exist, needs exist — yet normal exchange among them is disrupted.

The Second Bank, created precisely to **PREVENT** such a situation, itself became part of the problem. Even so, despite the obvious contradictions, the struggle to renew its charter began six years before its authority was due to expire. If the president agreed, the Bank's special status would continue for another twenty years. Yet now Andrew Jackson — the President — stood in its path.

For Jackson, the question of the Bank had become more than a financial matter. He saw it as a question of power. If a private financial institution receives special privileges from the state, can expand and contract credit, and thereby influence entrepreneurs, property owners, and the country's economic life, a question arises — ***where does economics end and governance begin?***

Jackson became one of the Second Bank's most determined opponents and **REFUSED TO SUPPORT** the continuation of its special status. The famous American "Bank War" began. Here, two lines of reasoning clashed once again. The first says: sound money is needed. If paper promises gold, the gold must exist. Otherwise, the promise becomes a deception. The second replies: a modern economy cannot function if the quantity of money is strictly limited by the amount of metal mined. This second line of reasoning had a substantial basis.

The economy grows. New businesses, cities, roads, goods, and trade links emerge. The increasing number of transactions requires an expansion of monetary circulation. Yet the quantity of gold **CANNOT BE INCREASED** at the same pace simply through a decision by a government or bank. From this arises the idea of fractional-reserve banking.

If we imagine the economy as an organism, money can indeed be likened to blood. A growing organism requires a greater volume of circulation. Yet gold becomes a constraint — the body can grow faster than the supply of metallic "blood." The banking system offers a solution — let paper claims exceed the amount of gold, while the bank continually holds a certain proportion of metal sufficient to meet the usual number of depositor requests.

At first glance, the structure seems reasonable. Yet a fundamental contradiction is built into it. ***Every holder of paper is promised the full amount of gold, although there is not enough gold for all holders simultaneously.*** Consequently, such a system rests less on gold than on the probability that **NOT EVERYONE WILL COME** for gold at the same time. More precisely — on trust. Here, we move beyond banking history itself. Money begins to turn from a material object into a relationship between human consciousness and the system. As long as a person is confident that their paper will be accepted tomorrow, it functions as money. As long as a depositor is confident that the bank will return their gold, they do not go to collect it. As long as the majority **DOES NOT GO** to collect the gold, the bank can indeed satisfy the demands of the minority. A paradox emerges. The system can fulfill its promise precisely because the majority **DOES NOT DEMAND** its fulfillment. The more complex the financial structure becomes, the less accessible an understanding of this entire web of connections is to an ordinary person. They see a banknote. They see a price. They see credit. They see their deposit. Yet the mechanism linking money issuance, reserves, trust, credit expansion, asset values, and the subsequent contraction of the money supply lies beyond their everyday horizon. This is why, for us, the subject of brain genotypes is one of the keys to understanding financial history rather than an addition to it. It concerns **DIFFERING ABILITIES** to perceive the level at which events are organized. One person sees an object. Another — connections between objects. A third — a system of connections. The next must perceive how the system itself changes over time.

Fractional-reserve banking solved one problem while creating another. It allowed the money supply to expand along with the economy, yet gave a bank the ability to create far more claims on real wealth than it held in reserve. Consequently, the next question arose: ***who would verify the measure?*** If a bank itself determines how much paper it can create per unit of gold, the temptation to expand issuance is almost inevitable. While the economy grows — this looks like skillful management. When panic begins — bankruptcy can be explained by **EXTRAORDINARY CIRCUMSTANCES** and a run on the bank.

The boundary between an actual shortage of liquidity and a deliberate overstepping of the permissible measure becomes almost invisible. This was why the question did not disappear after

President Jackson's struggle. On the contrary — it became even more acute. America once again attempted to free itself from a unified financial center, yet along with banking freedom came the old problem — if there is no single guardian of the measure, who defines the measure itself? The United States would spend decades searching for an answer. It was through further crises, banking panics, and clashes between the state and financial capital that the American system **WOULD GRADUALLY MOVE** toward a structure that would attempt to reconcile the incompatible: private banking interests, state oversight, and a unified center governing monetary circulation. Almost eight decades still remained before the creation of the Federal Reserve System. Yet its future architecture was already beginning to emerge through the events of the nineteenth century.

By this point, the American financial system had entered a new state. Formally, it remained decentralized: numerous banks, numerous owners, numerous centers of decision-making. Yet the absence of a unified state center **DOES NOT MEAN** the absence of any center at all. A center can exist in practice rather than in law — through control over the resource without which the other elements of the system cannot function properly. Under the gold standard, that resource was gold.

Major financial figures gained a natural advantage over smaller banks. They held larger reserves, maintained connections across cities and countries, and could move capital, extend credit, or withdraw it. Above all — **THEY COULD** coordinate their actions. Alliances, cartels, and enduring interest groups emerged. What appears to a small entrepreneur as an unexpected change in market conditions may, for a major player, be the result of a calculated movement of capital. Here, it becomes possible to govern the **STATE OF THE ENVIRONMENT** rather than an individual transaction. When credit expands, money becomes more plentiful, business activity grows, and land, real estate, and securities rise in price. People see growth and rush toward opportunities where others have already made a profit. A speculative frenzy develops. New loans are taken out against appreciating assets, driving prices upward **EVEN FURTHER.** Then the direction changes. Credit contracts. Money becomes expensive. Borrowers are forced to sell property to meet their obligations. Yet there are too many sellers, and prices fall. What was valued at a thousand yesterday can be purchased for five hundred today, and tomorrow — for two hundred.



For one person, this means ruin. For another — an opportunity to acquire for next to nothing what was worth a fortune only yesterday. Inflation and deflation therefore prove to be **NOT MERELY** economic terms. If the volume of credit and the money supply can be deliberately influenced, they become two opposing instruments for redistributing property. First, cheap money inflates property values, then expensive money sends them crashing down; first, a person is encouraged to borrow, then changing conditions force them to part with what they acquired through that loan.

Crises became a familiar part of life. Society **BEGAN TO SEEK** an explanation for their origins. Various theories emerged. The Austrian School links cycles of boom and bust primarily to credit expansion, interest rates, and distortions in the structure of investment. K. Marx seeks the roots of recurring crises in the capitalist mode of production itself and its internal contradictions. Theories of business cycles took shape, treating the succession of expansion, overheating, contraction, and recovery as a regular

feature of the economic system. Gradually, an image emerged that was extraordinarily convenient for mass consciousness — ***the economy as a force of nature***.

There are high and low tides. There are droughts and floods. There are years of good harvests and poor harvests. There are economic booms and crises. A tide cannot be blamed for rising. A storm cannot be held accountable for a wrecked ship. Consequently, if a crisis is an equally objective force of nature, seeking someone to blame is pointless. Yet here we must draw a distinction without which the reasoning that follows would indeed lose its meaning. Economic crises can have objective causes. His(torah)y has known crop failures, wars, epidemics, the destruction of trade routes, monetary policy errors, technological changes, raw material shortages, and numerous other circumstances capable of causing an economic downturn without any secret design. Yet acknowledging the existence of natural crises does not prove that **EVERY CRISIS** is natural.

A person can indeed drown in the sea without anyone's intervention. Yet the fact that thousands have drowned accidentally does not logically establish that a particular person could not have been deliberately drowned. This is a fundamental difference. When the theory of inevitable crises turns from an analytical tool into a **UNIVERSAL EXPLANATION,** it begins to serve another function: it excludes in advance the very question of who benefited from a particular market movement and who had the ability to influence it. The crisis receives a scientific name. Losses become statistics. Society gradually grows accustomed to the idea: crises have happened, happen now, and will happen again. Reserves must be built, risks diversified, the next upswing awaited. If yesterday's savings have become little more than paper today — another economic cycle has occurred. **THIS IS HOW** a new psychological norm **TAKES SHAPE.** Here, the connection is particularly important. The shaping of consciousness reaches an entirely different level when it is no longer necessary to forbid a person anything. It is enough ***to provide a ready-made model for explaining events***. A person sees a fact — bankruptcy. The explanation has already been supplied — a crisis. They see money losing value — inflation. They see credit disappearing — the business cycle. Each individual phenomenon receives a name, and in everyday thinking that name begins to be perceived **AS AN EXPLANATION** of the cause. Yet naming a phenomenon does not mean understanding the mechanism that gives rise to it.

It is precisely here that one of the boundaries between different capacities of the brain lies. One level registers an event. Another can recognize the recurrence of events. The next connects them through causal relationships. Yet seeing a governing system requires rising still higher — ceasing to regard bankruptcy, credit, inflation, deflation, the movement of gold, and changes in property values as **SEPARATE PHENOMENA** and seeing them simultaneously as elements of a single structure unfolding over time.

This is directly connected with the genotypic thread running through this entire series of articles. The difference lies in more than the volume of information a person possesses. What matters most is the dimensionality of connections their brain can hold simultaneously. A person can know thousands of economic terms and still remain confined to isolated fragments. Another may possess considerably fewer facts, yet **SEE THE DIRECTION** in which the entire structure is moving. The most interesting developments therefore occur at the practical rather than the official level.

Officially, the American banking system was once again decentralized. There was no single Central Bank with an absolute monopoly over money. There were many banks. There were many owners. Formally, each operated independently. Yet the actual system was beginning to take shape differently. If gold was the ultimate measure of the reliability of paper obligations, the advantage inevitably passed to those **WHO CONTROLLED** its largest reserves and the channels through which it moved. If a small bank needs metal to survive and can obtain it only through a larger financial intermediary, its formal

independence becomes relative. A paradoxical structure emerges: legally — numerous independent banks; economically — dependence on gold; organizationally — dependence on those who control gold. This is precisely why outward decentralization could coexist with internal centralization. Moreover, this centralization was considerably **LESS VISIBLE** than state centralization. A state Central Bank has a name, a building, a law, a leadership, and formal powers. It can be seen and, consequently, opposed. A network has no single face. It exists through credit, correspondent banking relationships, capital ownership, the movement of gold, mutual obligations, and shared interests. Each participant can quite justifiably claim to be conducting only their own business. Yet these connections, taken together, already form a system at a **HIGHER LEVEL** than an individual bank. We return once again to the central idea of the entire "Protocols of Reality" series: ***true power becomes particularly stable precisely when it ceases to look like power***.



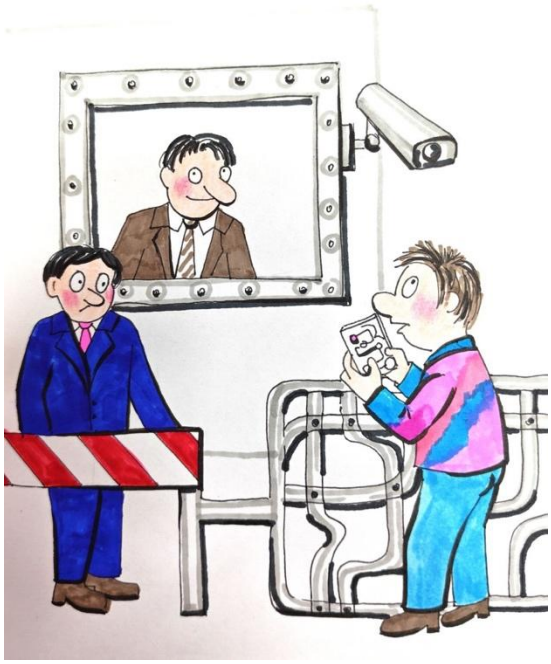
America had dismantled its single official financial center in an attempt to restore freedom. Yet in place of the visible center, another gradually began to emerge — distributed, networked, and therefore far less visible. Several decades remained before the birth of the Federal Reserve System. Yet the architecture of the future system itself **WAS ALREADY TAKING SHAPE.**

Thus, by the middle of the nineteenth century, a seemingly contradictory structure emerges before us. America had fought the concentration of financial power, dismantled privileged banks, returned powers to the states and private institutions, and sought to prevent the emergence of a single master of money. Yet the result was quite different from what might have been expected. The formal center disappeared, while centralization itself remained. It simply changed form. A network emerged in place of a single institution. Economic dependence replaced a legally established monopoly. Credit replaced direct orders. The need to gain access to gold, capital, and financial flows replaced administrative subordination. This marks a fundamentally important threshold in our entire account.

As long as power rests in the hands of a king, it is easy to see. There is a throne, a palace, an army, officials, decrees. The person making the decision can be named. People can rise against him, overthrow him, execute him — and conclude that power itself has been destroyed along with the person. Yet a networked system is different. It may **HAVE NO** single face. Each individual banker conducts their own business. Each creditor pursues their own advantage. Each entrepreneur wants money to expand production. Each depositor wants to preserve their savings. Yet millions of individual decisions, connected through a common financial architecture, begin to produce a result that **CAN NO LONGER BE** explained by the intentions of any one person.

It is precisely here that we must once again recall the idea running through the four books of "The Foundations of the Formation of Humanity": ***governance cannot be reduced to a visible governing actor alone***. The more complex a system's organization, the less its governance resembles a person sitting at a desk issuing instructions. The highest level of governance manifests through established conditions, constraints, permissible directions of movement, and the responses of the system's own elements. The question ***"who gave the order?"*** therefore gradually becomes insufficient. A different question must be asked: what structure makes some actions advantageous and others disadvantageous, some possible and

others virtually impossible? Here, the subject of brain genotypes takes on **PARTICULAR SIGNIFICANCE.** A person may see individual events perfectly clearly and yet completely **FAIL TO SEE** the process. They see a bank failure, falling land prices, the disappearance of credit, rising gold prices, a business closure. To them, these are separate facts of reality, each with its own cause and explanation. Yet understanding what is happening requires us to **CONNECT EVENTS** separated by space and sometimes even decades. We need to see ***the trajectory*** rather than the point. ***The banking network*** rather than the bank. The ***mechanism of recurring crises*** rather than a crisis. ***The system of financial relationships*** rather than an individual financier. The conditions ***within which a decision became virtually inevitable rather than the decision itself***.



It is precisely the ability to hold an increasing number of cause-and-effect relationships in mind simultaneously that distinguishes the simple accumulation of information from **UNDERSTANDING THE STRUCTURE.** A person can know thousands of facts and fail to understand what is happening. Knowing facts does not yet mean being able to see the system that connects them. This becomes one of the most important distinctions between horizons of perception: one person lives within an event, another can see a chain of events, a third — the system that produced that chain. Yet the system is **NOT NECESSARILY** the final level. Above it may exist a level of conditions determining the very possibility of particular systems, decisions, and processes emerging.

Here, therefore, it is especially important to avoid falling into the opposite extreme. We should not rush to declare every economic crisis deliberately organized in advance. That would be just as much of an oversimplification as claiming the opposite — that every crisis necessarily arises entirely spontaneously. In both cases, a person remains confined to a single point and loses sight of the trajectory. What matters more to us is this: by this time, the financial structure **IS ALREADY ACQUIRING** the ability to influence the conditions on which the movement of an enormous part of society depends. Power over conditions is a considerably deeper form of power than power over an individual decision. And then the concept of the **MEASURE OF TRUST** takes on a broader meaning.

Trust is no longer simply a question of whether this paper will be exchanged for gold. It becomes a measure of a person's relationship with the entire structure. Can the bank be trusted? Can credit be trusted? Can a government obligation be trusted? Will property retain its value? Will the business still exist tomorrow? The more complex the financial system becomes, **THE LESS** an individual can independently verify the foundations of this trust. They are compelled to accept many things as given. Consequently, whoever can influence the **MEASURE OF TRUST** gains the ability to influence people's behavior without giving them direct orders.

Thus, the very nature of governance gradually changes. Kings could be overthrown. Presidents — replaced. Parliaments — reelected. Banks — closed. Yet the system of relationships among money, credit, debt, property, and the state **CAN NO LONGER** be destroyed by a single decree. It exists across far more than one palace, one office, or even one bank. It is distributed across an enormous number of institutions, rules, obligations, habits, and people's perceptions of what can and cannot be trusted. This is precisely

what gradually turns it into the **CONSTANT COMPONENT** we have been seeking. Yet the structure before us is not complete.

America still lives without a single permanent central bank. Financial crises continue. Banks emerge and disappear. Gold moves between financial centers. The state repeatedly attempts to find a balance between the freedom of private capital and the need to control the monetary system. Ahead lies an event **THAT WILL RADICALLY** change the scale of what is unfolding.

It would take further upheavals, new crises, and renewed fear of financial chaos for American society to be presented with an idea that had provoked fierce resistance only a short time before: America once again needed a unified financial center. This time, however, it could not be built in the same way as the First or Second Bank of the United States. Society already understood the danger it perceived in an outright banking monopoly. The future structure therefore had to look different. It had to appear governmental while remaining connected to the banking system; be centralized yet outwardly decentralized; possess a unified governing mechanism without appearing to be a single bank standing above the entire country. From this contradiction would eventually emerge one of the **MOST UNUSUAL** financial structures of the modern era — ***the Federal Reserve System of the United States***.

Before it could emerge, however, we would have to travel another extremely important stretch of this path. The Federal Reserve would not arise in a vacuum. First, circumstances had to develop in which society **ITSELF WOULD DEMAND** what its predecessors had once fought against. Perhaps it is precisely here that one of the most important ideas lies. The highest level of governance does not necessarily manifest when someone forces a person to make the required decision. A far more sophisticated structure is one in which the circumstances themselves change — and a decision that was unacceptable yesterday begins to seem reasonable, necessary, and even the only possible choice today. The person retains a sense of having chosen freely. Society itself demands change. Politicians themselves make decisions. Legislators themselves vote for the new structure. Yet to understand how free this choice truly is, we must look beyond the moment when the decision is made. **WE NEED TO SEE** the trajectory through which the conditions developed that made this particular decision possible. And this very mechanism — how the need for a new center gradually arises from financial chaos itself, and how governing the measure of trust begins to turn into governing the necessity of choice… Look at what is happening today from this perspective, both in our country and in the world — as a whole.



To be continued…

F. Shkrudnev
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