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# The Case Against the Fed

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*Murray N. Rothbard*

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## **The Case Against the Fed** Murray N. Rothbard

The most powerful case against the American central bank ever written. This work begins with a mini-treatment of money and banking theory, and then plunges right in with the real history of the Federal Reserve System. Rothbard covers the struggle between competing elites and how they converged with the Fed. Rothbard calls for the abolition of the central bank and a restoration of the gold standard. His popular treatment incorporates the best and most up-to-date scholarship on the Fed's origins and effects.

## **The Case Against the Fed Details**

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## From Reader Review The Case Against the Fed for online ebook

### Manny says

Murray Rothbard cuts through the popular dogma our government expects us to sheepishly buy into. Rothbard showcases his ability to present the facts in a way a layperson can understand it in lieu of the technical jargon and higher mathematics of the professional economist. This book covers the creation of money and with it, its subjective value based on acceptance by the masses. He shows a stark comparison of gold and other forms of "money" as it was adopted by other countries and civilizations and how specifically gold had become the standard of many societies.

Rothbard explains the detrimental effects of the "Federal" "Reserve" and the affects it has on our economy. He also breaks down the creation of the "Fed" and the perpetrators of this deplorable organization. This is an excellent book for any layperson who is interested in understanding money's creation, fractional reserve banking, and the role the "Federal" "Reserve" plays in our economy. It is not a long book but is replete with great information and insight.

I was never "into" economics or really government insofar as I voted and toed the party line. However after stumbling on to Dr. Ron Paul and listening to his message, I realized that the "Fed" and the economics of this country play a paramount role in how we "behave" as a country. I have read some other authors recommended by Dr. Paul, Hayek, Mises, etc and this is my first step into Rothbard's work. I plan to continue to read his work since I enjoyed this one so much.

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### Clinton says

The Case Against the Fed exposes the Federal Reserve System as the most secretive and fraudulent federal agency that is accountable to nobody where it is not even subject to budgets or audits nor Congressional Oversight. Basically, it has complete immunity from any transgressions because the banks have convinced the government and the public to grant the Federal Reserve full monopolistic and absolute power over the monetary system without any accountability.

The Federal Reserve System engages in fraud by counterfeiting through the process known as fractional reserve banking; banks commit fraud by inversely pyramiding deposits by lending more than what is in reserves. In the process, fractional reserve banking expands the money supply, for the result is consequently the boom and bust cycle.

Over the history of central banking, counterfeiting money has proven to be tricky because it is impossible without monopolization, for the only method to control money is to eliminate free market restrictions on fractional reserve banking. America has had four central banking systems, and each system was incrementally designed to monopolize money. Free market restrictions prevent commercial banks from inflating the currency by issuing pseudo banknotes. Commercial banks can't inflate universally without the assistance of a central bank acting as the lender of last resort, so when the public realizes the banks' insolvency, the central bank bails them out.

Rothbard explains how bankers, academics, politicians, and businessmen hoodwinked the American public through widespread propaganda tactics to convince them that the only way to fix the run on banks was fractional reserve banking with a central bank even though the apparent cure was already the problem. The existence of the FDIC is rather an amusing notion because how can fractional reserve banking possibly be insurable considering all banks are inherently insolvent; besides no business can be properly insured

because insurance is managing risk from uncontrollable events whereas business has controllable events yet impossible to manage risk of the marketplace.

Overall, Murray Rothbard is undeniably and irrefutably an economic genius along with being a brilliant author. The Case Against the Fed is more geared towards novice readers of economics, yet every time I indulge in a book with Rothbard's name on it, it is always enjoyable no matter what.

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### **Preston Lee says**

Generally considered to be a classic introduction to Austrian economics, I highly recommend The Case Against The Fed as a starting point for those interested in the financial driving factors behind American boom/bust cycles. Note that while you can purchase a more convenient electronic copy of this book for a few dollars--which I recommend doing--you can also download it for free from the Ludwig von Mises Institute at <http://mises.org>.

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### **Dave Winter says**

This is the best starting point for anyone who wishes to understand the problems with debt-based central banking. Given the economic turmoil over the past year, I suspect this book would garner more attention, as it should.

Rothbard deftly illustrates the dangers of fractional reserve lending, which is the primary source of a bank's income on its deposits (which it is not allowed to count as revenue). The Federal Reserve rules the roost in the banking world, and sadly it is *not* a reserve, has never been audited, and is one of the most corrupt entities in the American government.

Rothbard gives a brief history of the Fed, and then shows the reader how it prints money, distributes this money, creates inflation, which in turn hurts investors and people who wish to retain savings.

If you want to understand the current economic problems in America, take it from one of the foremost experts in the Austrian school of economics.

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### **Furbjr says**

I read The Case Against the Fed, as it was selected as Book of the Month for February 2012 by people participating in <http://freedombookclub.com>

I don't really like the Star rating system. The book itself is pretty good, and provides a lot of background on the creation of the FED, the major players, the Morgans vs. the Rockafellers and that sort of thing is quite interesting. Also, the liquidation of the FED that is proposed as a prescriptive action is also quite illuminating.

I disagree with Rothbard that the United States should be on the gold standard. I think that every individual should aspire to the highest standard possible, and strive to achieve that standard. For some that is gold, others, platinum, palladium, or copper, silver, or a cryptography based standard like bitcoin. Isn't it the

austrian school that teaches us that value is subjective? Then why is Rothbard's prescription so narrow in scope?

I'm kind of burnt out on this topic, personally. Last year I read 3 books on monetary theory and history. I'll post a more substantive review when I get time.

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### **Travis says**

The most important thing I learned in this book is that the private ownership of the Federal Reserve is not the most interesting part of its sneakiness. It is the control and power which the Federal Reserve can exert by expanding and contracting credit at will - totally unregulated, that makes it so pernicious. The issuance of high-powered money (money at stage 1 of the inflation process) to the Fed's friends and families makes it terribly powerful.

One more interesting tidbit was the fact that Marriner Eccles (a latter-day saint) was part of the Rockefeller-led ousting in 1930s of the Morgan family who had principle control over the Fed initially. He also served as Chairman of the Fed from 1934 - 1948. Hm.

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### **Dave Maddock says**

The Mises Institute hosts this book as PDF and audio.

The first half of the book is a great introduction to how fractional reserve banking works and why it sucks.

Unfortunately, the later half is devoted to a dry and biased account of the history of the debate on central banking in the US and its culmination in the creation of the Federal Reserve. In it, the public are stupid, there are no legitimate arguments for central banking, and the tiny subset of pro-fed lobbyists are either rich banking tycoons or their lackeys. Rothbard often basis such claims on such rock-solid evidence as being married to the cousin of a guy who once dated the daughter of the president of a bank once owned by J.P. Morgan. (some slight hyperbole, but you get my drift) Ultimately, the layers upon layers of innuendo are meaningless in the context of the supposed thesis of the book since the advocacy of Morgan, Rockefeller, et al says nothing about the utility of the central banking system. At least the last three chapters return from the conspiracy abyss to provide some useful insight into the FDIC.

If the book ended at page 70 I'd rate it four stars. Alas, it gets three stars. If you pick this one up, don't bother with pages 70-134.

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### **Kevin says**

Not the most detailed book but it does give novices in monetary economics basic information on how the Federal Reserve and the entire banking system is run on a deck of cards.

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## **Neil McGovern says**

Paranoid nonsense, but I promised I'd read it to expand my "scope of thinking" - a gold bug's wet dream.

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## **Zinger says**

Ever since the creation of the Federal Reserve, the U.S. taxpayers have been hostages to the banking cartel.

This book simply explains how the Feds cause the cycle of boom and busts, and how they profit from it. It explains how inflation and fractional reserve banking works, also to their benefit at the expense of the taxpayer.

In summary the book explains how the Morgans and Rockefellers have a monopoly on counterfeiting the U.S. dollar with the "full faith and credit of the U.S. Government".

This book, though written in 1994, helps one understand what is going on in today's "economic crisis".

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## **Lesli says**

I'm sure this was a very informative, but it was also extremely dry. Even though I haven't read something this boring, since my Palestinian Hamas textbook in my senior polsci research class, I was going to prove I could finish it. I didn't finish it since I have a newborn, and Kim wanted to pick it up. I didn't start reading it until it had been in my house for about a month. I read 3/4 of it in about a week before I ran out of time. It seemed to contradict the documentary, *The Money Masters* on some points. I wonder which one has more facts straight, or if they are both sort of right in their interpretations. Maybe they weren't in contraction on some points, I just was reading the book wrong, or maybe it's been too long since I watched the movie. If I was going to suggest one, I would suggest the documentary, *The Money Masters* it was better at adding drama. The Fed is a scary organization so I would think it would be easy to add drama to written piece as well. Maybe I'm sounding stupid and naive by writing all this, but the book was one of the driest text books I have ever read. Although it was informative.

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## **Mark Geise says**

Murray Rothbard, in customary fashion, destroys the myths surrounding the Federal Reserve in "The Case Against the Fed". Though this is only about 150 pages long, Rothbard is able to go into detail about the theories surrounding fractional reserve banking and central banking, the specific history of central banking in America, and his plan to abolish the Fed. I think this is a fantastic short work; I only wish it was longer. The only thing keeping this from five stars from me is my disagreement with Rothbard over 100% reserve banking. I believe that free banking absent of any central bank is the answer, not imposed 100% reserve banking. If 100% reserve banking is what the people demand in a free market, that is what will dominate, but it should be up to the market to decide.

Rothbard opens this book theoretically, explaining banking from an elementary perspective. He explains how

fractional reserve banking emerged and how fractional reserve banking would constitute fraud in the warehousing industry. He discusses the inherent insolvency of banks in a fractional reserve system; thus, it is in the banks' best interest to cartelize to ensure that inflation is evenly spread throughout the banking system. A cartelized system with a central bank at the head benefits banks with a lender of last resort and a system in which one bank's expansion of credit does not take down the entire banking system. Furthermore, a central bank enables inflation during recessions, which flies in the face of contractionary pressures typically brought on by the market. A central bank enables larger booms and more intense busts, a theory that is borne out by the last century in America.

Beyond his more general criticism of central banking, Rothbard does a great job to describe the banking industry's complicity in and support of the Federal Reserve System. More specifically, he documents the J.P. Morgan control of the initial Federal Reserve and the later takeover by Rockefeller interests. If Rothbard's Austrian theories do not convince readers of the Fed's shadiness, the mainstream banking industry's overwhelming support of the Fed should do the trick.

I would recommend "The Case Against the Fed" to anyone with an interest in banking, financial markets, or economics. I really wish more people would have read books like these and Ron Paul's "End the Fed" before proclaiming Ben Bernanke a hero in 2009. An ability to look deeper beneath the surface seems to have been lost among our politicians and media members. Hopefully the Fed's continuing blunders over monetary policy will convert more people to the anti-central banking end of the spectrum. Though I am more of a free banking advocate than a 100% reserve banking advocate, Rothbard's discussions of the Fed are important.

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### **Helene says**

the first half of the book is very pertinent to our current economic situation and the second half exposes the in-bed-ness of industry and central banking.

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### **Voices Of says**

Murray Rothbard gives a withering rebuke of the institution that may have more impact on our daily lives than any other in the country.

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### **John Boettcher says**

Besides Ron Paul's similar stance on the issue, there is not many other books out there that present such a full, convincing, and scathing case against the Federal Reserve being the central bank in the U.S. and the undue influence it has over the economy, markets, and the actions people take on a daily basis.

The benevolence of the Fed is quickly laid 6 feet under and you will be caught thinking about the dollars you hold in your hand every time you go to the store. If you are interested in the markets, economy, money, or what the future has in store for the U.S. dollar, this is an absolute must read.

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