

Create Jobs and Improve the Economy through Public Control of Our Money System

Stephen Zarlenga and Greg Coleridge

Jobs and the debt are chronic problems requiring fundamental solutions rather than piecemeal approaches. A bill providing just such fundamental solutions- the National Emergency Defense (NEED) Act by US Rep. Dennis Kucinich (D-Oh) – already introduced at the end of the 111th session of Congress - will be reintroduced soon. Americans would be wise to rally behind it.

While the bill focuses on the unemployment crisis, it contains three essential monetary measures proposed by the American Monetary Institute in the American Monetary Act (AMA). The AMA's recommendations are based on decades of research and centuries of experience, are designed to end the current fiscal crisis in a just and sustainable way, and are aimed to place the U.S. money system under our constitutional system of checks and balances.

The three essential measures of the NEED Act include:

1. Moving the mostly private Federal Reserve System under the US Treasury Department. The Fed would no longer be a virtual fourth branch of government, unaccountable to the public. Their important financial research functions would continue. But the Fed would no longer make unilateral monetary policy decisions beyond the reach of *We the People*.
2. Making the power to issue money a public function – bypassing the current system which invited the careless and risky lending that led to the global economic crisis. The US Government would be authorized to issue dollars debt free. This power would replace the current undemocratic and unstable “fractional reserve” system in which money is created as debt through loans by financial corporations who lend many more times what they possess. Banks would no longer have this privilege to create our money supply!
3. Enabling the US government to use its money power --- creating and spending money into circulation – to address pressing infrastructure needs such as repairing our crumbling roads, bridges, rails and highways. The government also would be enabled to invest in health care and education. These projects would provide a huge numbers of jobs without going into debt and having to repay interest on debt to financial institutions. Economist Kaoru Yamaguchi's computer model has shown that a public-based money system and spending government money on jobs fixing our infrastructure is the best form of economic growth.

The irony is that these three provisions would institutionalize what most Americans falsely believe already exists: That the Federal Reserve is public. That banks only loan money that they possess. That the government creates our money. Wrong on all counts.

Decades of distortion and deception can be remedied by this bill.

Public control of money is not a new practice. The American colonists issued “Continental” and the Lincoln administration “Greenbacks” to fund the Revolutionary and Civil Wars respectively – all debt and interest free. More than 200 prominent economists during the Great Depression of the 1930s developed and endorsed “The Chicago Plan” – which declared that only the government should create money – to address that crisis.

Ask your US representative to cosponsor the NEED Act when it is reintroduced. Ask your two US Senators to contact Rep. Kucinich about becoming a Senate sponsor. Last year's bill can be read at <http://thomas.loc.gov/cgi-bin/query/z?c111:H.R.6550>:

This bill alone cannot solve all our current economic problems. But it will end the private/corporate control of what should profoundly be a public democratic function of any society – issuing the nation's money. Maybe more importantly, the Act will serve as a beacon of hope to a beleaguered citizenry who are seeking long term solutions to unemployment, debt, crumbling infrastructure, and need to take power over their lives and their society.

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