

AMERICAN MONETARY INSTITUTE
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Dedicated to the independent study of monetary history, theory, and reform
“Over time, whoever controls the money system controls the society.”
Stephen Zarlenga, Director

The Need for Monetary Reform

Monetary reform is the crucial missing element needed to move humanity away from a future dominated by fraud, warfare, and ugliness toward a world of justice, sustainability and beauty.

The power to create money is an awesome power - at times stronger than the Executive, Legislative and Judicial powers combined. It's the nation's "magic checkbook," where checks can't bounce. When controlled privately it can be used to gain riches. More importantly, it determines the direction of society by controlling where the money goes – what gets funded and what does not. Will it be used to build and repair *vital infrastructure* - as Levees to protect major cities? Or will it go into real estate speculation, creating the real estate bubble? Will it fund sustainable industries with good jobs or go into Wall Street fueling stock market bubbles? Will it be channeled into warfare, leaving a trail of death, destruction and inflation?

Thus the money issuing power should never be alienated from democratically elected government and placed ambiguously into private hands as it is in America in the Federal Reserve System today.

In fact, the bulk of our money supply isn't created by our government, but by private banks when they make loans. Through the Fed's fractional reserve process what we use for money is issued as interest-bearing debt.

Our money system is controlled by private banks for their agendas, not for the common good. Our government has the power to issue money (Art.1, Sect.8) and spend it into circulation to promote the general welfare; including for infrastructure, education and health care; not misuse the money system for speculation as banks have historically done. Our lawmakers must now reclaim that power!

Money has value because skilled people with resources and infrastructure work together in a supportive social and legal framework. Money is not tangible wealth in itself, but an unconditional means of payment. It's the essential lubricant that lets things "run." Money is an abstract social power based in law and whatever government accepts in payment of taxes will be money. Money's value is not created by the private corporations that now control it.

Unhappily, mankind's experience with private money creation has undeniably been a long history of fraud, mismanagement and even villainy.

Private money creation through the fractional reserve accounting fosters an unprecedented concentration of wealth which destroys the democratic process and ultimately promotes imperialism. 1% of the American population claims ownership of over 40% of the wealth, and receives 24% of income, and vital infrastructure is ignored. The American Society of Civil Engineers gives a D grade to our infrastructure and estimates that \$2.2 trillion is needed to bring it to acceptable levels. ***That fact alone shows the world's dominant money system to be a major failure crying for reform.***

Infrastructure repair would provide quality employment throughout the nation. Rather than borrow or tax for such projects, the government can directly create and spend into circulation the money needed without inflation, solving the unemployment problem.

Monetary reform is achieved in three parts, enacted together. One or two of them alone won't do it, but could further harm the monetary situation.

First, incorporate the Federal Reserve System into the U.S. Treasury where all new money is created by government as money, not interest-bearing debt, and spent into circulation to promote the general welfare; monitored by a new Monetary Authority to be neither inflationary nor deflationary.

Second, halt the banks privilege to create money by ending the fractional reserve system in a gentle and elegant way. All the past monetized private credit is converted into U.S. government money and banks are held accountable for this conversion. Banks then act as intermediaries accepting savings deposits and loaning them out to borrowers; what people think they do now.

Third, spend new money to build modern infrastructure, including for education and healthcare starting with the \$2.2 trillion that the ASCE estimate is needed for infrastructure over the next 5 years; *creating good jobs across our nation.*

The false specter of inflation is usually raised against any suggestion that our government fulfill its responsibility to furnish the nation's money supply. That is a knee jerk reaction, a result of centuries of anti-government propaganda. Government has a far superior record issuing money than private bankers. Inflation is avoided because real material wealth is created in the process.

Our Great Task is to reclaim the monetary power of government and secure it within our system of checks and balances!

History shows that over time, whoever controls the money power controls the nation! So much power in private hands is unacceptable and counter to our constitutional system. It's time to reclaim that power and implement the long known solutions to the monetary problem!

Special Update:

On September 21st 2011 Congressmen Dennis Kucinich (Cleveland, Ohio) and John Conyers (Detroit, Michigan) introduced a bill that accomplishes all the monetary reforms of the American Monetary Act.

It is HR 2990, of 2011, The National Emergency Employment Defense Act,
The "NEED" Act.

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