(*To become competitive centers for corporate banking, first South Dakota and then Delaware removed their “usury ceilings” about 25 years ago. Usury laws are state legislation designed to prevent lenders* ***from charging exorbitant or usurious interest rates on loans and credit)***

Dear Friends of the American Monetary Institute,

REMINDER - The early registration discount at $215 for the AMI Monetary Reform Conference is in effect till March 31!
See the conference announcement and registration form at http://www.monetary.org
Some More Good News - please forward this to all your potentially interested contacts -

THE AMERICAN MONETARY ACT is now posted at our website for public comment and criticism. It's the initial legislative statement needed to establish the monetary reforms described in Chapter 24 of The Lost Science of Money book, which presents the research results of the American Monetary Institute. The Act is attached and can also be viewed online at http://www.monetary.org/American_Monetary_Act_version_10_feb_06.htm

The three broad aspects of the proposal are that:
First it nationalizes the Federal Reserve System, placing it into the U.S. Treasury. The power to create money, long understood as an essential element of national sovereignty is placed directly into our government where it belongs. The Act describes the controlling mechanisms and safeguards. Rather than dissolving the FED, all of its institutional memory and knowledge - for example of the necessary seasonal adjustments in money supply - are retained within the Treasury. This knowledge belongs to the world. We've paid dearly for it. The present ambiguous private/public relationship is ended. This governmental ownership and control proposal is what most Americans think the FED is now.

Second, private financial institutions are no longer allowed to create money or "purchasing media." Private credit is no longer monetized and loaned into circulation at interest. In other words fractional reserve banking is ended. We know from the experience of the nationalization of the Bank of England in 1946, that this restriction is crucial. The private creation of fiat money has been at the root of so many of society's problems and represents the most awesome privilege leading to ever greater concentrations of wealth into fewer hands. Under the Act, banking is encouraged and continues as a private enterprise to make loans; but as deposit institutions, not as creators of money. The Act describes how this is accomplished through an elegant and graceful procedure that need not disrupt the economic system. This is what most people think the banks are doing now.

Third, Mandated programs for infrastructure and other expenditures assure that enough new money is spent into circulation by government to promote the general welfare. Since banks will no longer be allowed to create the new money needed for a growing economy, by loaning their credits into circulation at interest, the US government over time, creates the money and spends it interest free into circulation starting with the $1.6 trillion that the American Society of Civil Engineers tell us is needed to bring our infrastructure up to acceptable levels of safety. All of this is described in Chapter 24 of The Lost Science of Money book. This would be done on a per-capita basis, revitalizing local communities around the nation, refunding our governmental units from school boards, cities and counties, to states, so that they are in a position to provide the necessary civil and emergency services that are required in all civilized societies. This is what most people expect, and all have a right to expect, from their government at all levels.

The Act describes how a Monetary Control Board functions to assure that neither an inflationary or a deflationary policy is followed. We are not inflationists - Money must remain reasonably stable in value.

Comments and criticisms and suggestions are invited regarding any and all provisions of the American Monetary Act.

This is the tenth re-write of the Act, which has taken more than a year to get into the present form, and now we release it for public comment/criticism. Some persons have played key roles in this process, and at least a dozen have contributed to it in some way. The first two parts of this proposed legislation have their roots in the Chicago Plan that came out of the Great Depression, but part 3 of this Act has now taken that plan forward several steps, with the benefit of continued experience and thought since then. Economists critiquing this plan should bear in mind that its main elements were strongly supported by the greatest American economists of the past including: Henry Simons and Paul Douglas and Milton Friedman (still here!) of the U of C; Frank Knight; ; Frank Graham and Irving Fisher of Yale; Charles Whittlesley of Princeton; Earl Hamilton of Duke; and Willford King of NYU, to name a few.

Some economists have voiced agreement with the first and third parts of the plan but worry about where new money would come from, when the fractional reserve system is ended, by the second section. They should consider that the monies spent into circulation for infrastructure (including human infrastructure of health and education) will go out into the population and eventually be deposited into the banking system. The banks will be in a position to loan out those new deposits of money. But they will be loaning deposited Money, not their created credits.

Lincoln's words as repeated to us each President's Day, seem appropriate:
"We must think anew, and then we will save our country."

Professor Henry Simons of the University of Chicago, my Alma Mater, was one of the main creators of the Chicago Plan:
Simon made this grand observation, which still afflicts us today:
“The mistake…lies in fearing money and trusting debt. Money itself is highly amenable to democratic, legislative control, for no community wants a markedly appreciating or depreciating currency…but money is not easily manageable alongside a mass of private debt and private near-moneys…or alongside a mountain of public debt.”

Thanks much for your attention. Your continued input would be helpful. If you find the Act difficult to understand in sections, let me know so that we can undertake to clarify those sections. Out of these critiques will come draft eleven, and twelve and then we work to have it introduced as a bill in the House and the Senate.

This is a comprehensive proposal that actually resolves society's monetary problem. It accomplishes the minimum necessary to put time on the side of justice, instead of against it. We know it has its best chance for passage during a crisis. The idea is to have enough people in all congressional districts who understand it, and also enough legislators, so that should that crisis arrive - whether caused by a hurricane or some financial emergency, the country will be in a position to do the right thing. To that end we are in the process of establishing local chapters of the American Monetary Institute. Twelve are now in formation around the US.

If you are interested in joining in this process, then plan to attend AMI's Monetary Reform Conference in Chicago, September 21-24. Please see the announcement at our website at http://www.monetary.org. Presidential candidate from 2004, An outstanding group of speakers will make presentations; Congressman Dennis Kucinich of Ohio has agreed to speak.

Sincerely,
Stephen Zarlenga
Director, American Monetary Institute