



American Monetary Institute

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<http://www.monetary.org>

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

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A VIABLE SOLUTION TO THE ECONOMIC CRISIS

By Robert Poteat, for AMI

December 23, 2013, will be the one hundredth anniversary of the signing of the Federal Reserve Act. This Act is arguably the greatest attack on humanity in all of history. It is the culmination of centuries of political, financial, intellectual, and moral corruption. The corruption has only increased in the one hundred year history of the Federal Reserve Banking System.

Stated purpose of the Act: *An Act To provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.* The Act gave the power and privilege of creating the nation’s money supply to a private banking cartel, the Federal Reserve Banking System. That power is reserved and granted to the Congress of the United States by Article I, Section 8, Clause 5, of the United States Constitution.

The Act did in fact establish Federal Reserve Banks. If “*elastic currency*” is a euphemism for inflation, the System has fulfilled that intention. Certainly, the System rediscounts commercial paper to the advantage of the monopoly System and disadvantage of the nation. Since the passage of the Act, there have been nineteen recessions, including two major depressions, showing banking supervision to be a tragic farce. Who knows the meaning of the vague phrase “*other purposes?*” Subsequently, the Act was amended to also require the maintenance of employment. That, too, has become another item in the System’s catalogue of failures. The System’s failure is obscured by politically manipulated corruption of unemployment statistics.

The System creates the nation’s money supply by creating debt. The debt is euphemistically called credit. Either way, credit and debt is the same thing. It is done by bookkeeping trickery often referred to as fractional reserve deposit expansion.ⁱ This power to issue debt used as money gives the private banking cartel power over the rest of society because it not only determines how much debt is put into circulation used as money and withdrawn; but, also, gives the cartel power to determine who gets money for what purpose. War is given preference over physical infrastructure and human infrastructure such as education and healthcare.

The Act was passed just ahead of the United States entry into WWI. The war was financed by bank credit creating the greatest increase in national debt to that time. Since then, the national debt has been exponentially expanded and used as power to concentrate wealth in private hands that control government, information sources, production, and education. Since WWII the economy of the United States has been co-opted for the purpose of nearly continuous war making. The war making is an attempt to gain monopoly control of the world's resources for the most violent and brutal corporate empire the world has yet known.

The power to issue money was assigned to the Congress by the Constitution. Congress subverted democracy and justice when it passed that power to private interests. The System subverts peace. It is the responsibility of Congress to address and correct the mistake Congress has made.

A viable correction has been offered; it was last introduced into the 112th Congress by former Congressman Dennis Kucinich as HR 2990ⁱⁱ, the NEED Act (National Emergency Employment Defense Act). If passed, this bill could have refreshed and stabilized the U. S. economy, begun paying off the national debt, and made any level of physically possible and socially acceptable human culture available without national debt.

The NEED Act would terminate the power of private banks to create credit used as money and restore the power to Congress to create and spend into circulation debt and interest free money to maintain a stable economy without inflation or deflation.

Private banks would retain the business privilege of acting as monetary intermediaries using their own money or money deposited with them by investors desiring that service. Uninformed people believe that this is the way banks operate, now.

The present check clearing, statistical data keeping, bank regulation, and institutional knowledge of the present system would be folded into the U. S. Treasury as a new bureau.

Some provisions of the NEED Act are an immediate end to growth of national debt; fast investment in infrastructure to create millions of jobs; a tax free grant to all citizens to stimulate the economy; and begin paying off the national debt as it comes due to reduce interest burden on taxpayers.

What is Congress waiting for? Why all the polarizing, stalling, rhetoric about austerity, sequestration, and cutting necessary and desirable human services? A real and permanent solution is available, now.

¹ *Modern Money Mechanic*, publication of the Federal Reserve Bank of Chicago. This publication is outdated since "reserves" no longer serve as a limitation of loan making, but it does confirm that loans are created by bookkeeping entries.

¹ <http://www.monetary.org/wp-content/uploads/2013/01/HR-2990.pdf>

The above AMI statement was written by our Senior Advisor Robert Poteat, one of America's premier monetary researchers and reformers. The American Monetary

Institute recognizes the need for citizen awareness to develop beyond the interest generated by the FED's becoming 100 years old. Therefore we are launching a continuing education program.

We are creating a three level course – Basic, Advanced, and Senior, for persons who wish to become educated in this monetary area which is of such vital importance to the future of our nation.

The “**Basic**” course will be structured around materials presented at our website, and will be free, but will require a firm commitment from participants. The “**Advanced**” course will be structured around Stephen Zarlenga's book, *The Lost Science of Money*. It will also be free, but in addition to a firm commitment will require purchasing *The Lost Science of Money* book, and include some tests and essays regarding content. The “**Senior**” course will require a tuition and run over a one year period, and will be superior to any University Level monetary courses we are aware of. For a descriptive outline describing each program, please email Stephen Zarlenga, Director, American Monetary Institute at: ami@taconic.net. To be sure we receive your request; you can send me a letter at AMI, PO Box 601, Valatie, NY 12184
