

THE AMERICAN MONETARY ACT

The Purpose and Short Title of the Act are given.

The “Findings” summarize the problem – that Society’s monetary power has been privatized in the hands of the financial industry (1), especially the ambiguous but essentially privately controlled Federal Reserve System.

This privatization has led to a multitude of afflictions (2) through the mechanism of allowing financial institutions to issue money in the form of interest-bearing debt (3).

The “Findings” point out (4) how this differs from government creating money, not debt, and spending it into circulation interest free. That removes the interest burden on our money supply and allows public control rather than private influence to determine how money is introduced into the economy. For example, whether it is largely directed as at present into real estate speculation and various Wall Street games, or into crucially needed infrastructure, such as levees protecting major American cities, and the nation’s bridges and dams.

*A solution is described (5 & 6) and its objectives are outlined (7), in a general form taken from the U.S. Constitution that all reasonable Americans can support in order **“to promote the general welfare.”***

An Act to restore the Constitutional power to create Money to the Congress of the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SEC 1. SHORT TITLE

This Act may be cited as the American Monetary Act

SEC 2. FINDINGS

The Congress finds that –

- (1) The Federal Reserve Act of 1913 effectively ceded the sovereign power to create Money delegated to Congress by the Constitution to the private financial industry.
- (2) This cession of Constitutional power has resulted in a multitude of monetary and financial afflictions, including a growing and unreasonable concentration of wealth, an uncontrollable national debt, excessive taxation of citizens, inflation of the currency, drastic increases in the cost of public infrastructure investments, excessive un- and under-employment, and erosion of the ability of Congress to exercise its Constitutional responsibilities to provide for the common defense and general welfare.
- (3) The issue of means of exchange by private financial institutions as interest-bearing debts should cease once and for all.
- (4) The power of Government to create Money and spend or loan it into circulation as needed is similar but different in nature from the power to create and market instruments of indebtedness; it eliminates the need to pay interest charges on the nation’s money supply to financial institutions and removes their undue influence over public policy.
- (5) The unprecedented 2008 breakdown of the US banking and monetary system has brought severe and unacceptable effects on employment and the economies of the United States and every major country.
- (6) Under Federal Reserve administration of the US monetary power, mandates, directives, and common sense goals have not been met regarding: *full employment; *a relatively stable currency value; *avoiding excessive debt; *a destructive concentration of wealth; *operating in the public interest; *proper funding to maintain our vital infrastructure, which the American Society of Engineers informs us is \$2.2 trillion behind in keeping it safe.
- (7) An examination of the historical record demonstrates that U.S. Government control over our money system, in providing the nation’s money supply has been superior to private control. The current crisis is the latest most glaring demonstration of that fact.
- (8) As our money system is a key pillar in maintaining our society and as the Federal Reserve System and the financial establishment have failed to operate to promote the general welfare, the US must directly re- assume the powers granted in Article I, section 8 of our Constitution.

Background: The Fed is a private organization, not a part of our government.

The Federal Reserve System consists of 12 regional Federal Reserve banks, with boards of directors, under an umbrella direction of the seven member Federal Reserve Board in Washington, which has the power to determine major aspects of banking activity, such as setting interest rates, and the reserve and other operational requirements. There are no shares of the Washington Fed Board organization; the only “ownership” of the Fed is in shares of each of the 12 regional banks. They are entirely owned by the private member banks within their respective districts, according to a formula based on member bank size. The ownership is highly restricted in that such ownership is mandatory; the shares can't be sold; and they pay a guaranteed 6% annual dividend.

Thus the stories that the Federal Reserve is “owned” by foreign bankers (the Rothschild's and other prominent banker names usually come up) are not accurate and these types of rumors have mainly served to discredit wholesome criticism of the banking system.

It will be clear from the following facts that the Fed is *definitely* not part of the US Government.

*The Fed is *not* organized within the Executive, Legislative or Judicial branches of our government.

*Who pays the Fed's bills and determines its budget? *Not any part of our government.* The Fed gets its funding from its own specially privileged operations. The Fed Board determines Fed budgets.

*Who monitors and oversees Fed activities? *Again the Fed itself.* While some important elements of proper auditing have taken place, there has not yet been a comprehensive independent audit, by the Government Accountability Office as proposed in a recent letter from Ralph Nader to new Fed Chairman Ben Bernanke, calling for greater monetary transparency.

*Federal Reserve employees *are not* part of the US Civil Service System and are not covered by government employees' health insurance or pension programs. Who does the hiring and firing? Except for the highly publicized Chairman and seven member Washington Board, this is in private, unelected hands.

*Federal Reserve Banks *are not listed* as government organizations by the telephone companies, a small but telling fact.

The ambiguity surrounding the Fed arises because the U.S. President appoints the Fed Chairman to four year terms, and the seven member board to 14 year terms. Also the Fed is supposed to implement government fiscal policy, but it has not really done so. (see *Is the Federal Reserve System Part of the U.S. Government*, at our website <http://www.monetary.org/federalreserveprivate.htm>)

Several structural problems arise from private control: The system tends to be run to benefit those in control rather than the whole society. This concentrates wealth into fewer and fewer hands. The interest received by the banking system for money creation flows into their hands. The control over where the money goes determines the direction the society moves in. Privately controlled money tends to go into speculation to make a quick buck. Infrastructure, health and education get ignored or short changed.

The private banking system, not government, now creates our money in the form of debt.

Most Americans think our money is issued and controlled by our government. They are surprised to learn that most of our money is created when people and businesses have to borrow from banks, since this is the main way that money now enters the system. The banks make loans by crediting the borrowers account. This is fiat money, or “purchasing media” created out of thin air, thanks to a special legal privilege granted to them called “fractional reserve banking.” They write a computer credit in the account of those whose needs have driven them to the banking system to borrow money.

This concentrates great power and transfers tremendous wealth to the financial sector.

Under this privately controlled monetary system, it's not surprising that wealth and power have become concentrated to obscene levels never before seen in our society, where less than 1% of the population is now claiming ownership of nearly 50% of the nation's wealth!

This money creation prerogative, often referred to as “**THE MONEY POWER**,” (President Martin Van Buren always capitalized it!) has traditionally been associated with national sovereignty. Alienating the power from government into private hands has inevitably served to concentrate elements of what should remain national sovereign power into those private hands, where predictably it has been used to promote the interests of the few in control rather than the society as a whole. That is clearly unacceptable in both a *democracy* and a *republic*. It establishes *plutocracy – the rule by wealth*.

Sections 101 & 102 specify the U.S. Dollar as our currency unit and make it “legal tender” – meaning all debts can be legally paid with it; creditors must accept it in payment.

It does not prescribe a value for the dollar in terms of commodities, or labor or any other thing. The value of the currency unit is already known in the market in terms of its relation to assets and goods and services and existing obligations.

This value is not fixed but adjusts to continuous changes in supplies and desirability of goods and services and is also influenced by the existing supply of money. This is a valid use of the market mechanism.

If the money supply and economy are reasonably guided, such changes should be gradual and gentle and are a normal part of life. They help assure that the forces of production and consumption are rooted in economic realities, not frozen or dictated ideologically.

Sec 103: “Negative Fund Balances” is the Treasury term for how much money the government needs to come up with to balance its available funds with its immediate expense needs. At present this balance has to be obtained through taxation or borrowing. This process in effect allows the private banking system to create the money and loan it to the U.S. at interest. But under this Act, our government will create such money directly, and interest free.

Sec. 104 requires the Secretary of the Treasury to forecast these disbursements in a timely and effective way; and maintain enough research muscle to analyze and understand the impact of these disbursements both in the U.S. and internationally.

TITLE I – DISBURSEMENT OF U. S. MONEY

SEC. 101 AUTHORIZATION FOR DISBURSEMENT

Not later than 90 days after the effective date of this section, all United States Government disbursements shall be denominated in United States Money, the nominal unit being the U.S. Dollar.

SEC. 102 LEGAL TENDER

United States Money shall enter into general domestic circulation as full legal tender in payment of all debts public and private.

SEC. 103 NEGATIVE FUND BALANCES

The Secretary of the Treasury shall directly issue United States Money to account for any differences between Government appropriations authorized by Congress under law and available Government receipts.

Note: The fact that the Treasury will be able to make disbursements based on direct issuance of United States Money for negative fund balances reflects Congress’s Constitutional authority to “coin Money”, because Congress will then have the ability to adjust the amount of Money so created by regulating both appropriations as well as revenues from taxation and other sources. The focal point of power will be the House of Representatives as the initiator of revenue bills. Restoring to Congress its Constitutional authority will shift the ability to create Money and enter it into circulation from the private banking industry to our elected representatives, as the Constitution mandates.

SEC. 104 FORECASTING OF DISBURSEMENT REQUIREMENTS

The Secretary shall:

- (1) forecast disbursement requirements on a daily, monthly, and annual basis;
- (2) provide such forecasts to Congress and the public;
- (3) integrate forecasts with the Federal budget process;
- (4) maintain a sufficient research capability to continuously and effectively assess the impact of disbursement of United States Money on all aspects of the domestic and international economies;
- (5) report to Congress and the public regularly on the economic impact of disbursements of United States Money and the status of the monetary supply.

SEC. 105 MONETARY CONTROL

- (1) The Monetary Authority and the Secretary shall pursue the policy that the money supply should not become inflationary nor deflationary in itself but will be sufficient to allow goods and services to move freely in trade, in a balanced manner.

Section 105 instructs the Secretary to pursue a stable monetary policy and neither cause inflation nor deflation through monetary policy.

To oversee and assure that this policy is carried out, a 9 member Monetary Authority, is appointed by the President and confirmed by the Senate, to establish the monetary targets to accomplish this policy and any substantial discrepancies between the targets and actual results are quickly reported.

Section 106 specifies that instead of borrowing money created by the banking system, the U.S. will create the money directly.

However, the Congress continues to have the power to borrow money on behalf of the United States, should the Congress consider that advisable in a given situation.

Section 107 provides thorough, independent and timely accounting of this money creation process.

Section 201 provides that as U.S. debt instruments (bonds and notes) become due, they are to be paid with U.S. Money, not by rolling over more debt. This will be a gradual process as the debts extend decades into the future. Such payments will then be available for many other productive investments, and will tend to lower interest rates.

- (2) Monetary supply targets shall be established by a Monetary Authority consisting of a Board of nine public members appointed for staggered six-year terms by the President with the advice and consent of the Senate. The Board reports periodically to the U.S. Congress.
- (3) Administrative responsibility to regulate the monetary supply in reasonable accordance with targets established by the Monetary Authority shall rest with the Secretary of the Treasury.
- (4) The Secretary shall report to Congress any discrepancies between targets and supply in excess of one percent at the end of each quarter.

SEC. 106 DISBURSEMENT IN LIEU OF BORROWING

- (1) Disbursement of United States Money under this Act shall be made in lieu of borrowing through Treasury instruments.
- (2) Such borrowing shall cease as of the date stated in Section 101 of this title, unless otherwise authorized by Congress;
- (3) Nothing in this Act shall prevent Congress from exercising its Constitutional authority to borrow on the full faith and credit of the United States.

SEC. 107 ACCOUNTING

The Secretary shall account for the disbursement of United States Money and of current fund balances through accounting reports maintained and published by the Secretary and by departments and agencies of the Government. The General Accountability Office shall conduct an independent audit every second year.

TITLE II – RETIREMENT OF U.S. INSTRUMENTS OF INDEBTEDNESS

SEC. 201 COMMENCEMENT OF RETIREMENT

Not later than one 120 days from the effective date of this section, the Secretary shall commence to retire all outstanding instruments of indebtedness of the United States by payment in full of the amount legally due the bearer in United States Money, as such amounts become due.

Background: Publicly created money - the key ingredient needed to achieve human progress

*Two Important effects will result from our Government creating money directly instead of borrowing money the banks have created. **First we'll begin saving the interest costs** which in 2007 was \$465 billion; which was 17% of the U.S. federal budget that year. At present, the interest cost that is paid on infrastructure construction generally doubles to triples the cost of construction. Saving the interest will make it much easier to bring our crucial infrastructure up to acceptable 21st century safety levels. The American Society of Civil Engineers gives our present infrastructure an embarrassing grade of "D" and estimates that \$2.2 trillion is needed to make it safe once again.*

***More importantly, private lenders will have far less influence over public policy decisions.** The power to determine the fiscal course of our society will be in the hands of the Congress, where our Constitution places it. The difference is that a more reasonable and independent method of funding will be used. With Congress in charge, society's blood – its monetary circulation – is much more likely to go into vital infrastructure – for example building and repairing levees that protect major cities – instead of going into real estate speculation and destructive Wall Street games as banker control over money creation has traditionally misdirected society's money power.*

*Section 301 describes how Federal Reserve notes will be replaced by U.S. money. We won't call them notes because that could indicate debt, and they are not debt. Some Green backers of the 1870s knew this and called them "certificates of value." That's the best description we've heard, except for our own term – we just call it "**money**."*

Section 302 ends fractional reserve banking in the U.S. This is the mechanism which allows the banking system to create "money" out of thin air: When banks make loans, they simply credit the borrower's accounts at the bank, in exchange for the borrower signing over his finances to the bank as collateral. It's essentially all credit.

Under the present fractional reserve of 10%, the banking system as a whole can loan about ten times the reserves; in effect creating money, or more accurately, the credit which serves as money in our system.

"Seigniorage" is the principal and interest banks receive on their creation of such credit "money;" estimated now at far over \$100 billion per year.

Seigniorage rightfully belongs to the nation, through our government, so at commencement, the Act, by an accounting adjustment, turns the credit that banks have already created, into real American money. This conversion will indebt the banks to the U.S. Government for those amounts they created.

Today when borrowers repay banks this credit money goes out of circulation. But the new accounting rules will direct that those client repayments, be used to repay the bank's new debt to the U.S. Such payments will then be available to the Monetary Authority for purposes under Title V of this Act. Virtually everybody wants those good things but they wonder how to pay for them. Passage of the American Monetary Act makes that possible, without inflationary consequences.

TITLE III – CONVERSION TO U.S. MONEY SEC. 301 CONVERSION OF FEDERAL RESERVE NOTES

- (1) Not later than 90 days from the effective date of this section, the Secretary shall establish the rules and procedures for converting outstanding Federal Reserve Notes to United States Money of equal face value.
- (2) Not later than 120 days from the effective date of this section, as Federal Reserve Notes are converted to U.S. Money the Secretary shall provide a sufficient quantity of United States Money to the domestic banking system to allow for conversion of all cash-on-hand;
- (3) Not later than 180 days from the effective date of this section, all financial institutions within the United States shall disburse funds only in United States Money;
- (4) The Secretary shall promptly dispose of all Federal Reserve Notes as they are returned in exchange for U.S. Money.

SEC. 302 REPLACING FRACTIONAL RESERVE BANKING WITH THE LENDING OF U.S. MONEY

- (1) Not later than 60 days from the effective date of this section, The Secretary shall establish and publish the accounting rules, pricing and processes which converts the then existing bank credit in circulation, into U.S. legal tender money. At that point, all money in all accounts in the U.S. Banking system shall be declared to be U.S. legal tender, without exception.
- (2) In consideration for converting existing bank credit into U.S. legal tender money, each bank shall become indebted to the U.S. Treasury for the amount of credit it has extended. That amount will be the sum of the bank's loans, regardless of duration, minus the bank's capital and retained earnings; which could have been loaned as money, not credit. U.S. Treasury securities held by the bank will be cancelled and credited to the bank's position of indebtedness to the US. A ratio of the total of such assets (capital, retained earnings, U.S. Treasury securities) to the total of the bank's loans outstanding will be determined.
- (3) The accounting rule changes will direct that as customers repay the principal on their bank loans, a proportion will be paid over to the U.S. Treasury. That proportion will be the total, less the ratio calculated under 2) above. Such repayments will continue until the banks indebtedness to the U.S. Treasury is paid off. Banks may also settle their debt through transfers from additional capitalization and retained earnings. These repayments will go into a pool available for disbursement under Title V of this Act, at the Monetary Authority's direction, and the still necessary Congressional appropriations for spending.
- (4) The effect of (1) thru (3) above is to after the fact, make the banks intermediaries between the government which properly creates money, and the clients who have borrowed it, and private banks in America can properly lend it and earn a profit.

Banks will be encouraged to act as intermediaries between clients seeking a return on funds they deposit and clients ready to pay for the use of those funds. They will not be allowed to create any new money in this process.

This becomes possible under new bank accounting rules, not under present rules, the key being that checking accounts become a warehousing service.

Banks will not be able to create new money through savings accounts because those accounts will represent real money that depositors have saved. Suggested rules on p.14 below.

Where will such real money come from? From all types of payments by our government: for education, infrastructure and health care; for social security, and government bond repayments. From the trillions of dollars of government money that has replaced the trillions in old Federal Reserve notes and bank deposits.

Sect. 303(1) establishes a rule used by several ancient money systems (Hammurabi, Hindustan, Rome and others) that the amount of interest shall never exceed the principal amount of the loan. We adopt this provision out of respect for its frequent historical appearance.

An interest rate ceiling of 8% is established throughout the United States. The howls of concern that will arise over this provision will all ignore that until 1980-81 forty nine states had such limits, without the predicted dire consequences!

- (5) Not later than 90 days from the effective date of this section the Secretary shall publish new lending and accounting regulations for various types of accounts including:
 - a) Checking type accounts (i.e. demand deposit accounts) which become a warehousing and transferring service for which banks charge fees.
 - b) Savings and Time Deposit type accounts, whereby loans can be made with maturities related to the duration of deposits.
 - c) Money Market and Mutual Fund type investment accounts.
- (6) The regulations and actions in parts (1) thru (5) above will encourage private, profit making money lending activity by banks, but prohibit private money creation, through lending credit.

Note: It is anticipated that the money spent into circulation by the U.S. Government under Title V of this Act, will ultimately be deposited into the banks, where that money, not fractional reserves, will provide the engine for continued loans and any necessary expansion. It is also anticipated that enough public spirited banking professionals will join with Treasury officials in assuring that these regulations are properly formulated recognizing realities within the banking industry, to assure a smooth transition.

SEC. 303 INTEREST CEILINGS

- (1) The total amount of interest charged by a financial institution to any natural person borrower through amortization, including all fees and service charges, shall not exceed the original principal of any loan, except mortgages;
- (2) The maximum interest rate of 8% per year will apply throughout the U.S. inclusive of all fees;
- (3) Interest payments by the U.S. to foreign central banks or their intermediaries will be reduced pro-rated over a 15 year period to a maximum of one fourth of 1% per year.

TITLE IV – RECONSTITUTION OF THE FEDERAL RESERVE AS A BUREAU WITHIN THE UNITED STATES TREASURY DEPARTMENT

SEC. 401 RECONSTITUTION OF THE FEDERAL RESERVE

- (1) No later than 90 days from the effective date of this section, the Secretary shall purchase on behalf of the United States all outstanding Federal Reserve Stock at current market value denominated in United States Money.

Background: the concept of money was being removed from the English language, so that when one spoke of money, one was substituting ideas of debt, for example calling bank notes money or calling U.S. notes debt. Economists have blurred the crucial distinction between money and credit, by referring to real money as **“high powered money,”** and referring to bank credit as **“lower powered money.”** This greatly empowered those dealing in credits – the banks. AMI ends this error of confusing money with credit, and vice versa. That falsehood has led to the present unethical situation. We must carefully distinguish between **money** and **credit**.

Section 401 describes how the Federal Reserve System shall be incorporated into the U.S. Treasury.

The Fed will continue to be the nation's check-clearing house, but will do so as a bureau within the U.S. Treasury.

It will administer the U.S. monetary policy to the banking system, assuring that banks are in compliance. But the Federal Reserve will no longer determine monetary policy. That will be guided by the new Monetary Authority, which will establish monetary target levels, and manage the system for practical results rather than for theoretical or ideological reasons. To "promote the general welfare" will become the guiding light of monetary policy.

- (2) The Federal Reserve in its role as a central bank of issue, a national fund processing clearinghouse, and a fiscal agent for the Government shall be reconstituted as a bureau within the United States Department of the Treasury.
- (3) The Federal Reserve shall be administered by a commissioner and deputy commissioner appointed for six-year terms by the President with the advice and consent of the Senate.
- (4) The Federal Reserve shall administer on behalf of the Secretary the monetary targets established and authorized by the Monetary Authority and shall administer lending of United States Money to authorized financial institutions as described in TITLE III of this act to assure that money creation is a function of the United States and fractional reserves lending is ended.

TITLE V – INFRASTRUCTURE MODERNIZATION

SEC. 501 DIRECT FUNDING OF INFRASTRUCTURE IMPROVEMENTS

Note: Since the banks will not be creating new money and it is crucial in an expanding economy and population base that new money be added into circulation, this will be done through direct funding of infrastructure, education and health programs on a per capita basis assuring an equitable distribution throughout the nation.

Not later than 90 days from the effective date of this section, the Secretary shall report to Congress on opportunities to utilize

Background: Adam Smith institutionalized a mythology of money pretending that government can't properly administer the MONEY POWER, that private money is better. Better for whom?

Thanks to centuries of propaganda there is a widespread attitude against government that really constitutes an attack on society. But government is the only organizational form that can potentially protect the people from the thieving "Enrons" of the world. And theft is not the end of it, it's often a matter of life and death.

We found the "smoking gun" where Adam Smith, a normally cautious professor, launched the vicious attack on the English Government, smearing it as "slothful" and "negligent" and "thoughtless(ly) extravagant" (see LSM, Ch. 12). Smith inadvertently laid bare the reason for his attack: to keep the MONEY POWER in the hands of the then privately owned Bank of England, when serious proposals were being made to nationalize this power back into the British Government. He also bitterly attacked the American Colonies for issuing our own money.

What was Smith's motive? We're not mind-readers; however we note that his Patron's family (The Scottish Duke of Buccleugh) had recently intermarried with the English House of Montagu, which was the power behind the private Bank of England. We also note that Smith's *Wealth of Nations* book came out in 1776, the year after the American Continental Congress began issuing our Continental Currency, which enabled us to fight and win the revolution against Britain, then the world's strongest military power.

The Continentals have been smeared as inflation money, and while British counterfeiting eventually destroyed them, still they carried us over 5 ½ years of warfare to within 6 months of final victory. The Continentals gave us a nation. Later the Greenbacks allowed us to keep it. Examining the real facts (that we summarize below) surrounding government money creation, a very different picture emerges, from the propaganda about them.

Consider that if this Act stopped here, it would probably cause a deflation because it removes the privilege of the banking system to create new money. But a growing society requires that new money be added continuously, just to maintain existing financial relations. Most past monetary reforms have actually been deflationary.

Therefore explicit provision is made for the Government to spend new money into circulation without creating new debt or interest payments. This takes the place of bank credit circulating as money. While Congressional approval is still required for expenditures, these provisions will facilitate that.

Everyone agrees we need the best infrastructure. They have disagreed on where the money could come from. The Act now provides a way to fund it in a fair, non-inflationary manner. Per capita spending rules minimizes playing politics over expenditures.

The Act recognizes the necessity of considering the ethical, ecological, and sustainability implications of the monetary system and policies.

In addition to direct Federal Infrastructure expenditures, Sec. 502 allows local government bodies from states to school boards more discretion to borrow newly created money interest free to create and repair infrastructure of their choice. Per capita formulas will restrict the loan amounts and since the funds have to be repaid, great care would be taken in these local decisions.

Sec. 503 provides much needed state funding and a strong local empowerment feature to the Act. The fiscal starving out of local governmental bodies from school boards to villages to states will become a thing of the past.

direct funding by the Government to modernize, improve, and upgrade the physical economy of the United States in such areas as transportation, agriculture, water usage and availability, sewage systems, medical care, education, and other infrastructure systems, to promote the general welfare. This will be done with very substantial intrinsic ecological sustainability and quality of life considerations.

This program shall promote throughout the U.S. a harmonious and balanced development of economic activities, sustainable and non-inflationary development respecting the environment, a high level of employment and of social protection, the raising of the standard of living and quality of life, and economic and social cohesion. Per Capita and local cost factors will apply.

Note: These ecological, sustainability and quality of life considerations are derived from the European Central Bank treaty protocols, which examined the questions extensively.

SEC. 502 INTEREST FREE LENDING TO LOCAL GOVERNMENTAL BODIES

Not later than 120 days from the effective date of this section, the Secretary shall provide recommendations to Congress for a program of interest-free lending of United States Money to state and local governmental entities including school boards and emergency fire services for infrastructure improvements under their control and within their jurisdictions, based on per capita amounts and other criteria to assure equity as determined by the Monetary Authority.

SEC. 503 MONETARY GRANTS TO STATES

Each year the Monetary Authority will instruct the U.S. Treasury to disperse per capita grants evenly over a 12 month period to the 50 states equal to 15% of the money created under TITLE V in the prior year. The states will use these funds in broadly designated areas of public infrastructure, education, health care and rehabilitation, and paying for unfunded Federal mandates. Per Capita and local cost factors will apply.

SEC. 504 FARMING PARITY PROGRAM

Not later than 120 days from the effective date of this section, the Secretary, in cooperation with the Secretary of Agriculture, shall propose to Congress a program to regulate the markets of farm commodities as in Title 7 USC Sect. 602, to establish a good parity base period and provide for 90% parity loans (for which the crop shall be the sole security) on basic storable commodities; callable at a market price of 100% parity, not a date certain.

SEC. 505 EDUCATION FUNDING PROGRAM

Not later than 120 days from the effective date of this section, the Secretary, in cooperation with the Secretary of Education, shall provide recommendations to Congress for a program to

Sec. 504 helps assure that smaller scale family farming operations will continue and avoid losing their lands to financial operators; and improves our food security situation. It will also test how a multiplier effect based on farming finance could assist the Monetary Authority in its decision making processes.

Sec. 505 recognizes the need for very substantial federal funding of education. Presently a little federal help goes mainly for Special Ed for kids with special problems. Broader assistance could include expanding pre-kindergarten programs, and creating community centers, including apprenticeship programs, a program to reimburse for higher education and drug treatment and counseling programs.

We shouldn't rely on local property taxes to solve a problem that has for so long been a national short-coming. This is about the future of our culture.

Section 506 establishes a one time monetary dividend payment to all citizens in the U.S. of all ages and income levels. It makes needed money available from consumers before the infrastructure parts of the Act get into gear. The effects on production, prices, worker morale and other economic factors will be carefully noted, where it could provide evidence regarding laws to establish such a dividend as a more permanent, repeatable feature.

Section 507 will be written in consultation with specialists in this area, perhaps complimentary to legislation for universal health care.

Sections 507-509 ...

You get the idea; and no it won't be inflationary. See below.

Here we thank some of the people who have helped in big or little ways to get the American Monetary Act developed to this point.

help fund our educational system that will *at least* put the United States on par with other highly developed nations, and create a learning environment so that every child has an opportunity to reach their full educational potential

SEC. 506 INITIAL MONETARY DIVIDEND TO CITIZENS
Not later than 60 days from the effective date of this section, the Secretary, in cooperation with the Monetary Authority shall provide recommendations to Congress for payment of a Citizens Dividend as a tax-free grant to all U.S. citizens residing in the U.S. in order to provide liquidity to the banking system at the commencement of this Act, before governmental infrastructure expenditures have had a chance to work into circulation. The Secretary will maintain a thorough study of the effects of this Dividend observing its effects on production, prices, morale and other economic and fiscal factors.

SEC. 507 UNIVERSAL HEALTH CARE

[This section will be written following consultation with people in the medical field who are working on this problem.]

SEC. 508 RESOLVING THE MORTGAGE CRISIS

Specific congressional proposals for resolving aspects of the current mortgage crisis shall be inserted here. (alternatively these could be presented in a TITLE VI of this Act.

SEC. 509 RECOVERING THE STOLEN FUNDS

The Monetary Authority in consultation with the U.S. Attorney General will move to recover funds obtained through systemic financial fraud, from 2000 thru 2012, before, during and after the crisis; as determined by Congressional investigation. Triple penalties may apply, where fraud doers are not cooperative, and criminal penalties will also be recommended.

END OF THE ACT.

The American Monetary Institute thanks several persons in developing the drafts of this Act: Richard Distlehorst; Robert Poteat; Jamie Walton; Prof. Nic Tideman; Charles Walters; David Hershey; Randy Cook; Ben Gisin; Prof. Glen Martin; Ken Bohnsack; Prof. Michael Hudson; and James Robertson, Alistair McConnachie and Ben Dyson of the UK; and Prof. Joseph Huber of Germany. We especially thank the public spirited Civil Servant Richard Cook for applying his decades of experience within the U.S. Treasury in Washington, DC, to help in formulating Chapter 24 of The Lost Science of Money book into developing this Act. Responsibility for the program as a whole rests with the American Monetary Institute Charitable Trust, a 501(c)3 organization founded in 1996 for the independent study of monetary history, theory and reform.

See <http://www.monetary.org> to e-mail suggestions on this proposed legislation as well as donations to assist in its continued development at: ami@taconic.net