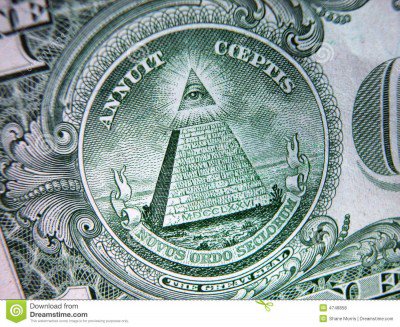
DEMOCRATIZATION of the MONEY SYSTEM

**by**

**Richard C. Cook**

**The Worldwide Monetary Reform Movement**

**** The worldwide monetary reform movement has come into existence to secure the benefits of control of the monetary supply by the community rather than monopolistic cliques exemplified by the Western Banking system. While this is only one means of attaining economic democracy, it may be the most important one, because money as an instrument of law controls all commodities.

This is not to minimize the need for other reforms such as liberalization of property laws, fair systems of taxation on land and natural resources like oil, reopening the patent system to individual inventors vs. corporate interests, and assurance to communities of economic sustainability. This would involve laws favorable to community-based economic institutions such as cooperatives, commercial barter networks, family farms, saving banks and credit unions.

Reform should also involve a return to sane programs of national economic development, including protectionist trade policies where appropriate. National financial systems should also get back to supporting investment in productive enterprise rather than financial speculation. The last US president to consistently support long-term economic development both for the US and developing nations was John F. Kennedy, as described in Professor Donald Gibson's book about the Kennedy presidency, *Battling Wall Street.*

But unless money-creation is also controlled by the democatically-constituted community at the national, regional and local levels, with credit being treated unequivocally as a public utility, the lending of money at interest will defeat all other reform measures.

Four specific types of monetary reform aimed at democratization of the monetary system have been discussed with increasing regularity over past decades within the US and other nations. Astute commentators agree that we are in the midst of epochal changes in consciousness among humanity. Some see it reflected politically in a worldwide populist revolution. The concepts represented through the monetary reform movement reflect the best thinking of this revolution and give us hope for human-centered change in the decades ahead.

**1. Nationalize the Monetary System**

Within the US proposals have ranged from complete takeover of the Federal Reserve System by the federal government to the replacement of fractional reserve banking and the debt-based monetary system by one where the government spends money directly into existence as was done through the 19th century US Greenbacks.

The Greenback system which provided up to a third of the US money supply through 1900, was highly successful The bankers opposed it because it meant fewer loans and less profits, but it worked so well that a Greenback Party was formed which ran candidates for president and elected members of Congress.

Such a system adapted to modern conditions has been proposed by the American Monetary Institute through its American Monetary Act. Since it was first drafted in 2003, the Act has been presented in meetings on Capitol Hill by AMI Director Stephen Zarlenga, author of the landmark book, *The Lost Science of Money.*

Under the Act, instead of relying on taxes and deficits to raise revenue, the government would be authorized to spend money on tangible investments such as infrastucture, education and healthcare. The backing of this new money would be the enhanced economic health and productivity of the nation that would result.

Regarding the private banking system, the American Monetary Act would require that banks borrow the money they lend, over and above their reserves, from the US Treasury. The banks could still lend, but the federal government would earn a portion of the revenues from lending rather than having it all going into the pockets of the private financiers. The government would also save huge amounts of money by no longer having to borrow from the banking system or private investors in order to operate.

The American Monetary Act presents a model that would work vastly better than the existing system - in fact it would be a monetary revolution - but would also be more democratic through giving control over the monetary system to the people's elected representatives. The Act would allow the government to fund and support the actual needs of the people rather than simply act as an enforcer of capitalist monopoly prerogatives.

Related to these reforms are other proposals that would recognize credit as a public utility such as state-owned and operated banks like the one in North Dakota that uses public funds as a reserve for lending.

2.**Institute a National Dividend System**

**/**Early in the 20th century a British engineer named C.H. Douglas argued that a pervasive imbalance could be found within industrial economies whereby not enough consumer purchasing power was generated for a nation to consume what it was capable of producing. Douglas advocated a National Dividend - cash payments to individuals by the government without taxation or debt - in order to redress this imbalance. Douglas' ideas fueled a worldwide movement called Social Credit that was strongest in Great Britain, Canada, Australia and New Zealand.

The National Dividend was actually a method of monetizing societal savings, which British economist John Maynard Keynes advocated through the much more awkward means of government deficit spending, a system that ultimately played into the hands of the banks that lend governments much of their needed cash. While Douglas' system has not yet been implemented, it remains a treasure trove of creative thinking and is economically sound/

Douglas proved that the solution to poverty, trade wars, excessive bankers' control, etc., really is a simple as the government printing and giving away money - limited of course by a nation's capacity to produce. Because the money would go to individual for them to utilize in whatever ways they saw fit, Social Credit may be viewed as a much more spiritually advanced system than one where economic power lies solely with big institutions whether private financial institutions or the totalitarian state.

**3. Enact a Basic Income Guarantee**

Related to a National Dividend is the idea of a Basic Income Guarantee. The Basic Income Guarantee has been advanced by reformers, since the days of Thomas Paine and the American Revolution. Modern economic life is a vicious circle of greed and exploitation where those who cannot or don't want to play the game are vilified and perhaps left homeless or subject to starvation. A Basic Income Guarantee would allow everyone the minimal financial means to survive in some semblance of dignity.

The issue that a Basic Income Guarantee addresses is the right to economic security, a right capitalism has never even acknowledged. One answer to this blatant aspect of human folly has been socialism, perhaps in a modified form as the welfare state. In the 1960s, even economic conservatives were advocating a reverse income tax, which was expressed in the US tax code, though in watered-down form, as the Earned Income Tax Credit. In Alaska, the state pays an annual dividend to all residents from its resource revenues. This is a type of Basic Income Guarantee, which in 2008 amounted to over three thousand dollars per individual.

Some advocates of the Basic Income Guarantee want to pay for it by cutting government military expenditures or raising income taxes. Others say a Basic Income Guarantee would result in greater economic production which would pay for some of the costs through increased tax revenues. Few are so bold as to advocate the print-and distribute solution, though it would work and would also be an effective measure to reduce individual and family reliance on credit cards and borrowing from banks. The American Monetary Act contains a provision for a provisional cash dividend to individuals of this type.

The best sources of information about the Basic Income Guarantee are the US Basic Income Guarantee Network, the Basic Income European Network, and writers such as Karl Widerquist and Stephen Shafarman.

**4. Allow and Encourage Local Currencies**

The local currency movement has become worldwide with some small-scale successes to its credit. The overearching effect of capitalism on the world economy has been to destroy local economic self-determination. This started through the growth of the medieval European cities which turned the surrounding countryside into suppliers of raw materials and consumers of manufactured goods made by urban monopolies. The same principle was applied to the colonization of the world by the Western maritime powers, above all Great Britain.

A good example of the Bengali textile industry in India, laying the groundwork for the transformation of modern Bangladesh into an international "basket case".

Local currencies could provide the medium of exchange for a revival of local economies anywhere that willing buyers and sellers could be found. But this would be anathema to the monetary controllers who have spent the past several centuries centralizing monetary systems in order to facilitate unequal currency exchanges among the have vs. have-not nations and to assure the total control of trade by the rich capitalist banks and corporations.

The best kept secret of economics is how easy it is, or would be, for a community, nation, or group of nations, to create its own currency for internal trading needs. There is no reason other than economic control by financial interests, for example, that any political jurisdiction could not hire any designated number of people to perform useful work and pay them in vouchers that would be legal tender within the local trading system. The immediate result would be a renaissance in small business, local manufacturing and family farming on a scale sufficient for many of the necessities of life.

**Change is Possible Now**

Given modern systems of administration and technology, democratic currencies can and must be brought into existence if humanity is to have a future. It is the financiers, who also control governments, the media, and the educational systems, who are determined that this does not happen.

One of the leading methods of keeping the public ignorant is to raise the bugaboo of "inflation". Actually nothing is more inflationary than the bankers' debt-based monetary system that creates, then destroys, inflationary bubbles at will. This is done largely through the method of raising and lowering interest rates. Now and then, when a really big bubble is desired,

access to credit is eased so more suckers are drawn in, as with the sub-prime mortgages written during the recent housing bubble that burst in 2008.

Since the Federal Reserve System came into existence in 1913, when Congress gave the bankers complete control over the monetary system, the dollar has lost over 95 percent of its value due to inflation. Since the late 1960s, when interest rates were allowed to start escalating to new heights that reached over twenty percent by 1981, inflation has become rampant, though it has been concealed by government manipulation of cost-of-living statistics. Prices have slipped somewhat during the current recession, but they will never return to anything close to their former levels. For persons invested in such high-priced homes, such deflation would be catastrophic, so deeply is everyone snared within this system.

Those who argue that a government controlled currency a) printed and spent into circulation or b) given away as a National Dividend or Basic Income Guarantee would be unduly inflationary are unnecessarily worried. Such measures would reduce inflation by eliminating unnecessary bank debt and its load of interest and fees that constitute financier profit. Meanwhile, many of the people who fear inflation but also see the need for reform have gotten on the gold standard bandwagon. While in the past, gold, silver and other commodities have been monetized, there never has been a true commodity currency in a modern industrial economy.

The real backing of a currency is the production of goods and services within a trading area and its availability to facilitate trade between buyers and sellers. It is the responsibility of government to provide such a currency to the community. But it is here that modern governments have most egregiously failed. Instead they have turned the currency over to financial monopolists, and the world has groaned under the burden of this system of organized larceny ever since.

Monetary reformers know how the system can and should be changed. They see it as a social and moral imperative to work for such change. Millions of people around the world are waking up to see how they have been exploited and how completely unnecessary that exploitation is.1

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The Spiritual Hierarchy of our planet has prepared a new monetary system which is based on SHARING. Each nation will prepare a list of what products it needs and what assets or products it has to offer. The lists will be placed in a computer. Then there will be a system of BARTER, where each nation will be satisfied. The Masters and disciples will be in charge to see that each nation receives what it needs in an equitable manner. When can we see this plan? It cannot occur before the Reappearance of the Christ, which is expected in the near future. Astrologically it could be in July, 2037. Each nation will have to approve the plan.

The books *Looking Backwards* and *Equality*, written by Edward Bellamy have been declared to be a forerunner of our future form of government. You might be interested in reading my article on *Life in the Golden Age of the Gemini Decanate of the Aquarian Age*. under Articles of my website: www.FreePythagorasTeachings.com 2

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References:

1Cook, Richard C. *Democratization of the Money System*, in the book: "The Global Economic Crisis", Global Research Publishers, 2010, pp 357-363

2Dar Boggia, Marguerite *Life in the Golden Age of the Gemini Decanate of the Aquarian Age*

www.Free PythagorasTeachings.com under Articles.