Monetary Reform - "THE BIG ONE"

The Monetary System is the Creation and Distribution of new money into the economy. This power was given to Congress by Article 1, Section 8, Clause 5 of the Constitution.

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CURRENT SYSTEM

Monetary Policy is the policy decisions that run the current monetary system, which was given to the Federal Reserve in 1913 by Congress. This system creates new money only by issuing debt – private and government. Private debt-money is only created by the commercial banks under the regulation of the Federal Reserve. Treasury debt-money is only created directly by the Federal Reserve's open market operations at the Fed's bank in New York. This is called, "Monetization of Debt". The Federal Reserve is called a central bank. Other important central banks are The Bank of Japan, The Bank of England and the European Union's Central Bank. This is basically the fourth branch of government.

There is NO cost of creating money except for creating too much in circulation creating excess or hyperinflation. Creating too little with narrow circulation severely costs the economy in recessions, depressions and extreme human hardships.

... The Fraction Reserve System allows a bank to create new money on a fraction of deposits made with that bank. This fraction is determined by the Federal Reserve Board, as part of its monetary policy, and is called the reserve requirement. ... All the new money created is created out of nothing; or to describe the process more correctly, it was created out of debt. Therefore, it can be labeled – debt backed money. (With the merger of commercial and investment banks, the supposed restrictions provided by the reserve requirement is very limited**)** **Also, in reality, banks extend credit (loans) first,**

creating deposits in the process, and then they look for reserves by raising capital, or borrowing on the interbank money market or from the Federal Reserve.

The big questions are: If all money is created through debt, where does the money come from to pay the interest charges by these banks?? Where is it written that we have to create and distribute money only through debt? Nowhere.

PROBLEMS

When you review monetary history, every country, and I mean every country, has gone through significant monetary crisis. In our nation's last 175 years, the immature and under diversified monetary system and lack of fiscal spending (recirculation) created the panics of 1837, 1857, 1873, 1893, 1907; the Banking Crisis of 1884; the recessions of 1892-6, 1904 and 1921; the severe depression form 1873 to 1879 and the Great Depression of the 1930's; post WW II recessions in the 50's, 80's and 90's; culminating in the current Great Recession, which began in 2007. This sub prime collapse was caused solely by the financial system NOT the fiscal (tax & spend) system, which we spread to other parts of the world. WHY? Why was this necessary?

Because the only way we get needed money into circulation is through the issuance of debt-loans (private & public). This archaic and very narrow banking structure does not fit the needs of a 21st Century computerized, non-scarcity economy.

This private, single system usually over lends in qualifying, booming sectors. Then it has problems when those sectors start to decline. "You can only borrow if you already have money-collateral!" Therefore, new money is not allocated enough by market forces, need or quality of the investment but according to the financial girth of the prospective borrowers. Even if they do not need it! This leads to boom-and-bust scenarios, not only in specific industries but also in entire economies. This stifles growth, competition, recirculation and employment. Elimination of the Glass-Steagall Act has allowed almost unlimited access of this monetary creation process to the commercial banking owned investment-trading companies resulting in our current financial crises.

Another major fault of this system is that new money is infused into the economy solely through the use of debt instruments using variable-short term interest rate charges. Besides the psychological effect of increasing debt, a rising interest rate environment again hurts the borrowers with less financial girth and those enterprises that use debt rather than equity as a means of financing their operations. Where does the economy get the interest money to pay the banks? Remember there is no money created to pay the interest only the principle of the loan. Obviously, significant economic conflict and bankruptcy occurs when individuals and business struggle to find this interest from one another, which does not exist. This is a disastrous win-lose scenario.

Another general reason for monetary failures is that we are human. We make errors. It does not matter how good the regulators are. These errors in long-term judgment will happen. When a single monetary creation system creates an error (i.e. sub prime loans) it puts the entire system in jeopardy and shuts off or substantially reduces money into the economy, causing extreme economic down turns. This also causes a slower than necessary recovery.

SOLUTION

The solution is complete monetary reform with diversification of new money delivery systems. Because this reform is so important and revolutionary, this summary might not convince you. Therefore, you should do your own historical research. We have narrowed down our recommended resources to three books. They are: “The Lost Science of Money” by Stephen Zarlenga, “The Secrets of the Temple” by William Greiger, and “The Web of Debt” by Ellen Brown. Zarlenga’s book is a long and well-researched human history of money. Greiger’s is a long and well-described U.S. history of money. Brown’s is a shorter with more recent history of the current monetary crisis. You should also review the website of the American Monetary Institute at **www.monetary.org.**

Considering the failures of private and central banking over centuries, we have now come to the conclusion that we must eliminate the private fractional reserve system of monetary creation and distribution from the commercial banking system and eliminate the interest charges on the National Debt. We stand with Jefferson and Lincoln and insist that monetary creation belongs in government not private banks. Franklin, Madison, Jackson and Wilson joined Jefferson and Lincoln in that belief.

People are not perfect in practice or theory, therefore delivery systems have to be diversified to reduce severity of wrong decisions and the money creation power has to be placed back into a democratically elected Congress with checks and balances.

The following reasons will hopefully convince you that we need this evolutionary and diversification reform:

1. Diversification reduces banking favoritism, nepotism, bribes, political cronyism, shoddy management and criminal activity.

2. The boom-bust scenario we see in various assets, industries and countries will be greatly reduced by not over lending in successful industries and individuals. It makes managing risks less difficult.

3. Diversification gives more capitalistic opportunities to others – creating more capitalists (business owners) and increasing competition. Diversity spreads the new money around – creating other capitalistic opportunities and at the same time reducing human hardship and inequality. **This means growth!**

4. One of the major reason for business failure is still lack of capital, not just competition or mismanagement. Diversification provides more capital.

5. Diversification expands credit based on the ability to succeed and not just on the ability to repay. Distribution of new money should also be based on the quality of your talent and need for your enterprise not just the quantity of your collateral.

6. Diversification dilutes the power that any one system brings to monetary creation. Absolute power corrupts absolutely. Why should only one financial industry system of commercial banking have the monopolistic power of monetary creation and infusion?

7. Diversification reduces the effects of any errors of monetary distribution during expansion or contraction. This means that the new distribution systems can divert new money from industries that do not need it to those who do. This allows for errors on the monetary expansion/inflation side of the equation rather than the contraction side. The end result is a lesser chance of recession/depression.

8. Excessive wide range defaults and bankruptcies will not hurt the new money delivery systems as much, because it's spread among many systems rather than a single banking system. Therefore, the monetary system will have less stress due to economic volatility.

9. Diversity of systems allows decision makers to more effectively reduce the over-lending to a particular individual, company, industry or geographical area. The current dilemma of regulation is that it's very hard to deal with things when life is good. Who tells the banks not to lend to real estate when real estate is the hottest part of the economy and running up great profits? Or shipping? Or oil and gas? Or High Tech? Having other systems with different objectives will more effectively control over-lending, thereby reducing boom/bust scenarios within an industry or an entire economy.

10. Diversity also helps control the amounts used for aggregate demand (consumer loans) stimulation and supply creation (business loans), depending on the needs of each. Having more control of the quality and quantity of new money being issued results in less of a chance of an over-expansive money supply creating a bubble economy.

11. Diversity can provide more capital to areas with high need, such as low-tech industries and lower income areas.

12. Monetary policy is an art not a science! Monetary policy requires judgment at every stage of the process, from the initial formulation to the final implementation. Judgment is susceptible to human error. If there is an error in one major system it can lead to tragic consequences. But several errors in a multiplicity of systems can be much more easily overcome. The more diversified the delivery system, the less a judgment error by management resulting in a catastrophe.

13. The fiscal system operates on a much more diversified level. There are many governments in the fiscal system – federal, state, county and city. Within those governments are many delivery systems – military, Medicare, social security, education and welfare (social and corporate). Also, old money operates at a much more diversified level. Why shouldn't new money?

14. Credit risk formulas and models of commercial banks, which are inherently flawed, will be reduced in consequence because money creation and distribution is moved to other institutions. Improving and increasing regulation and risk

models can help – but it's not the answer. Reckless lending will be scattered and there will be fewer defaults especially with the use of an equity component rather than all debt.

15. A key element in the art of monetary policy is coping with change. The current, most important change that the economy faces is the globalization of monetary policy. Again, with more decision makers and more diversified delivery systems, the monetary authorities – Congress – will find it easier and safer to cope with these changes.

16. We need diversity to reduce the negative effects of excess greed.

17. The central banks have many checks and regulations to offset factors of self-interest and other human frailties. But with the delivery basically in one system, any errors that do get by are certainly overly accentuating the negatives to the economy (i.e. sub prime loans).

18. Our single banking system is less and less willing to share risk. Yet, risk is critical to the progress of the private sector and hence economic growth. Our single system has lost the ability to foster the development of novel or non-standardized – in short, risky private enterprise. This means that economic development slows and future generations are disadvantaged.

19. Banking crises will not be as detrimental to the overall economy and other financial systems because these crises will not be as large or as influential in the monetary sector. Consequently, human hardships will be greatly reduced.

20. In actuality, the current disciplinary system of high interest rates punishes the weakest, smallest players first and most severely, while the largest and more powerful enterprises are able to dodge the bullet.

21. Diversification reduces the 'herd behavior' of financial institutions and investors in whatever country or market is fashionable at the moment. Herd behavior can lead into excessive bank lending and over-borrowing in a particular country, or group of countries, with each lender paying insufficient heed to the extent of their collective total commitment.

22. Diversification will make the repeal of the Glass-Steagall Act less important as the power to control large quantities of money will be reduced, reducing the ability to control and manipulate markets.

23. Removing the monetary creation process from the banks and increasing the diversity of distribution provides more support for the real economy rather than the financial sector. It also increases competition and reduces inequality. It funds new means of production not just collateral based lendidng.

24. Transfers income form workers and owners to bankers resulting in a lower level of investment to the detriment of the economy.

I believe I have listed more than enough reasons to support elimination of fractural reserve banking and creating a diversity of monetary delivery systems. It is a system based on human fallibilities not a single system based on attaining human perfection through regulation.

The next addition, besides system diversification, is investment vehicle change. This was the root of the current crisis. Where is it written that new money is created only by debt – i.e. loans? By the way we cling to our old, antiquated system; you would think using debt to create money was one of the Ten Commandments. There is no reason why we can't establish institutions to distribute new money through equity (common stock) structures, a combination of debt and equity, no/or low cost, long-term debt and straight issuance of currency by the government.

There is precedence for this. Believe it or not, Middle East (Islamic) banking provides equity return rather than just interest return. Because of religious beliefs, a mutual risk and a goal of non-clashing interests have developed into shared risk banking. There is less adversarial relationship between lenders and borrowers. Actually, our big banks and insurance companies currently make these types of participation loans to large commercial real estate projects! Any equity-new money system still yields return and may be even greater return – but it occurs upon sale, gifting or refinancing. During Colonial times and the Civil War, the government issued currencies directly very successfully and when they were withdrawn economic down turns occurred. They were known as Greenbacks in the Civil War. Special Note: The Colonial script during the Revolutionary War worked very well until several British counterfeit ships in New

York harbor started printing and distributing counterfeit money, flooding the market.

Many things happen when there is no or less debt service. Business survival is heightened, competition increases, production is improved, more economic stability and consequently prices are kept lower. This allows more monetary expansion without excess inflation. There is less displacement of employers and employees. Even when interest rates rise, industries will continue to grow. The housing industry usually the first hit by rising interest rates (i.e. sub prime variable loans), will stay healthier. When mortgage payments are lowered by participation returns, more folks can get into housing and sustain themselves.

When business survival is heightened by lower loan payments, there are fewer defaults, which cause less strain on the entire financial system.

In an effective monetary creation and distribution program, in order to reduce the extreme negative effects of interest rate fluctuations and the reluctance of private enterprise to invest, especially in economic down turns, equity structures become an absolute necessity.

The following is a list of potential systems for new money distribution. Some will have equity returns only, others will have combination equity and interest charges, others will have only interest charges and others will be low or no cost, longer-term loans. Most of these monetary distribution systems should have to have a return or collateral (mainly land, a non-wasting asset) otherwise they should be funded on the fiscal side of government (tax & spend). Also, for certain programs that are favored for national interest and would not create excess inflation; we could issue direct currency, like food stamps and Social Security.

The reason most new money issuance would have some form of pay back (amortization) is because that process reduces the monetary supply. This reduces the chances of excess inflation and allows for more issuance of new money in other programs depending on the inflationary environment. I label these distribution systems as banks for lack of a better word.

These are NOT creation systems but distribution systems based on debt, equity and direct currency creation

Family Housing Bank This will consolidate all the current Federal Housing Agencies (Fannie Mae, Freddie Mac etc.) into one monetary creation system for **only home loans on personal residences**, up to the max FHA limit (currently $719,000) for qualified buyers. This will provide a variety of low interest cost (1-3%), long-term mortgages (30-40 Years) for most individuals' personal residences through out the country. The only restriction will be the annual allotment to avoid another housing bubble. All other real estate loans will be issued by the commercial banking system and the private mortgage market. Underwriting, distribution and administration of these mortgages will be handled by the private mortgage brokerage and service industry.

Federal Venture Capital Bank – can be created to provide new money to those industries and in those regions that need capital, instead of issuing these funds through debt, which has to be serviced. This would invest new money through nonvoting stock (equity). Meaning: absolute, non-controlling silent equity. This infusion can be helpful in any arena, such as natural resource exploration, manufacturing, service, housing, high tech or low tech. It can aid any region: state, county, or city. It can startup or aid any size enterprise, small, medium or large. Instead of debt, the board will retain a non-controlling, non-voting, equity interest. (It would have to be non- voting – one doesn't want any hint of socialism.) Therefore, upon sale, liquidation, dividends or refinancing, the government would receive a return on its equity interest.

The non-voting stock can be managed similarly to any portfolio management with certain liquidity controls. If the stock is public, sales of this equity must be managed without substantial price fluctuations. Private equity would be held for sale or liquidation.

With all the brainpower we have on Wall Street, I am sure we could create an appropriate management system.

This is not strictly a government-run operation. Similar to our current banking system, it should be a joint venture with venture capitalists and investment bankers.

This bank can operate in three ways. First, it can provide capital to supplement current venture capitalists and investment bankers. For example, the board would give these already existing firms a 10% increase in their available capital per project. None would be solely funded by the board. The board would simply

supply a portion of all the investments of the participating investment banker. The larger the percentage during recessions. Second, the board could create a whole new array of firms that would directly provide new equity capital for needed areas and deserving companies. They could coordinate with other sources of debt funding, i.e., commercial banks, SBA, FHA, to provide 100% of a funding source.

Third, the government could have its own internal allocation system that could fund direct equity grants to large and small firms in needy areas.

Examples: A Fortune 1000 company is considering a plant. If the company places it in an area of the country that needs employment, the venture capital bank invests 10%-50% of the capital requirements for this plant. In return, the board receives non-voting equity, such as stock options. Management would certainly be attracted to not having to use its own capital and no interest payments, but if the fundable areas were undesirable for its operation, they wouldn't take the capital for the plant. The relationship should not be adversaria1. Still, the low cost capital would be an incentive to move certain operations into depressed areas.

Another example allocates capital to new, small businesses in blight areas. If the owner is qualified, if the business is needed, the infusion of money would provide immediate employment and services to the region. The absence of interest payments enhances the survival rate of enterprises in these poorer areas. This is somewhat like the SBA, but with a return to the government through equity capital. Certainly, this is a higher risk scenario, but it also has higher returns. Most importantly, all the activities will provide for the exploration and production of goods and services that keep inflation in check. Capital is immediately put to work, resulting in more employees and the stimulation of the economy.

This non-voting equity could also be applied to real estate financing for needy families. (There are similar programs in existence, but they are limited in scope.) Many families with successful employment histories cannot come up with a down payment or afford 100% financing programs. This funding would provide down payments. A return to the government can come from sale or refinance. Otherwise, it remains an asset of the government.

This board would eliminate the trickle-down effect of our monetary system. It can provide capital without collateral for those entrepreneurs who present effective business plans and existing businesses that need additional capital (without

sufficient collateral), and for areas of blight which need firms, both small and large to enter their areas.

The Venture Capital Bank represents a joint effort with private capital, mainly infused through private enterprise. The major distinction is the absence of debt service. The lack of a cash flow drain enhances the chances of success. Of course, there will be allocation errors, but not to the extent that the current banking system has made throughout its existence, mainly because this would be a more diverse and smaller total infusion. Increasing the variety of goods and services is extremely healthy for an economic environment.

I want to reiterate something here. Some people feel that the government is too heavily involved in my recommendations. This is not correct. Most of my recommendations are with separate licensing private organizations similar to our banking structure. Yes, a small amount can be delivered by a direct government agency, but it is not the essence of our doctrine.

Land and Infrastructure Bank — since land is a non wasting asset, the government can create money to purchase land for any reason, military, bridges, roads, schools etc. This land purchase is held as collateral and can be sold well in the future. An example would be the Federal government purchasing land for a local school. This would increase the monetary supply. It would lease this land to the school district for say $1 per year. When the school is closed many decades down the road, the government sells the land. This reduces the monetary supply. This can also be used to purchase lands for national parks and sell off some of its land holdings not needed by the government. This would be a government operation.

Local Government and Pension Assistance Bank — this will be a more difficult structure as there will be significant “moral hazard” in it’s underwriting. It should be used to make low or no cost long term loans to local governments and pension plans that have significant problems usually due to conditions not under their control. The current great recession would be an example. These loans should be amortized and carefully issued in emergency situations. Since Federal taxation would be substantially reduced because of new monetary funding, the States will have more flexibility in their taxation to repay any, no or low cost loans. This would be a government operation.

The Community and SBA Bank — expand the variety and amounts of these small business loans and investments. These are the job builders! Make them lower in interest costs to insure more success. They also can be participating to off set the lower cost debt service. This would be a private operation as it is now.

Environmental Bank — this is probably the most important new distribution system. Instead of providing tax credits and other tax incentives for environmental equipment, the government can provide **very low cost, long term, no down payment loans** to install new equipment. This provides a much greater incentive for owners to purchase this equipment as there is no money out of pocket and the payment could be less than the savings the new equipment brings to the operation. This would be a government operation with some use of private lending systems.

Example: A large industrial building owner wants to install solar units on it's roof. This bank would loan him a length of the equipment, 30 year amortized loan at fixed 2%, payments commencing one month after operation starts. The energy bill savings is substantially less the cost of the loan besides selling the excess power. There would be a line around the block to get this loan. Therefore, you would need to limit the loans or control prices from the installers and manufacturers.

Student Loan Bank — this existing program should always be expanded so everyone can go to college. Interest rates should only be 0 -2% at most, with very long term maturities-amortizations. This would be a government operation delivered through the schools.

Microfinance Bank — most of these programs are funded with charity donations. Governments should just create money to help fund these job creating and anti poverty programs with substantially less interest charges. This would be a private operation as it is now.

Nonprofit and Cultural Bank this area provides low or no cost, no down, very long term amortized loans for nonprofits and cultural institutions that have a revenue stream. An example is funding the construction of a museum that charges admission to repay the loan. The length (30-50-70 years) and low interest charges-if any of the loan keeps admissions prices low. This area will become one of the more important areas for the global economy. We are becoming extremely productive which means we need less employment to

produce all the goods and services the globe can consume. This arena will provide those jobs that will be needed to continue to have enough quality customers.

Commercial Banking Assistance – with FDIC insurance the commercial banking system should not need any allocation of new money but there should be an emergency provision so Congress can send some new money to this system, if needed. It could also be made broader to include other financial service companies, like insurance companies or any new equity bank structures.

Agriculture Bank – instead of providing subsidies on the fiscal side of government, low or no cost, long and short-term loans can be used to provide farmers assistance. It should be for small and organic farmers, not the big corporate farms. They can use the commercial banking system. Private-community banks could distribute these funds.

Food Stamp and Deficit Reduction Assistance — basically food stamps are currency. Instead of issuing them on the fiscal side of government, they should just be printed on the monetary side. Money can also be created to cover any fiscal deficits. Of course excess inflationary factors always have to be monitored!

These are some of the different type systems that can be created to provide diversified infusion of new money. Many of these systems depend on partnership of public and private operations and can be implemented by private enterprise. Other distribution-banking concepts are limited, equity, postal, savings, nonprofit, universities, and individual State, County, City, and other local Banks.

The cost of funding on the monetary side is minimal except for inflationary pressures. I am not talking about increasing the money supply causing excess inflation. This is another topic, I will discuss in the operation section. But the results can be more commerce, bringing in more tax revenue and more fiscal programs funded on the monetary side which makes it much easier to balance the fiscal budget, even with lower marginal tax rates.

The World needs capital to fund, expand, explore, invest, research and to create goods and services. Private capital (old money) cannot do it alone. Let’s start the debate to improve our monetary systems. This is the cause of the current crisis and the answer to fund the future, not the usual tax and spend debate! By

providing our nation with a medium of exchange that truly reflects the productive and consumptive capacity of our own citizens rather than burdening us with unpayable debt, we will have the means through which we can at long last become a truly independent country able to preserve our natural resources, invest in needed infrastructure and adequately reward our citizens. In addition, we would no longer need to mortgage third world countries – or ourselves – in order to support our growing debt.

OPERATIONS AND AVOIDING EXCESS INFLATION

As we have seen over the centuries, the power to create money in private hands has been devastating. It is now time to turn it back to democratic governments with checks and balances.

The first task is for Congress to take back this power, which is very similar to the power of the purse strings – spending. Move the Federal Reserve into the Treasury Department to continue to regulate the commercial banks. Then the Treasury should start paying off the National Debt as it matures with 0% Treasuries or plain money. This will eliminate the interest on the National Debt, a significant part of the budget-or deficit.

This money is basically investment money and would not be spent causing any significant spike in inflation. A significant portion is already in and will stay in the Federal Reserve and its Banks and other countries' Central banks as their reserves. Some of the money, mostly from investors, will be looking for a new home with some rate of return.

The first place they will look will be the FDIC insured deposits in our banks, which are now pure intermediaries. This will easily fund the commercial banks for their continued operations. Others will move to the financial services industry with their extensive array of investment vehicles. Thus, we will still maintain a very active private financial system. Also, if we continue to promote competition and productivity, it reduces inflationary pressures and allows for more issuance of money. If you want more information on the banking transition and answering other objections, you should read Chapter 5 of "Creating New Money" by Huber & Robertson of the New Economics Foundation and other Professors have modeled and answered this transition question. It would mean a boom for the commercial banks.

The next task is to create new money with as little concentration of influence and corruption that the power of creating money can bring. Also create a government structure to reduce the possibility of excess or hyperinflation.

Since spending bills are started in the House of Representatives, so should money creation, which is very similar. There are two things the House should do. First approve and oversee the various distribution systems (banks). The second is to determine how much new money is created and distributed each year in each banking system. The Treasury Department will actually operate and oversee the distribution systems which will mostly be in private ownership.

The House needs to set up a new, major committee labeled the Monetary Committee whose major function is to determine how much money to issue each year. There should be a sub committee set up for each distribution-banking system recommending how much should be allocated to each system. This is then approved by the Monetary Committee of the House, followed by the process of the entire House approval, the Senate approval and the President's signature. This provides the first set of checks and balances.

The Treasury will operate the government banks and oversee the private banks. This will provide another check and balance. There will be a monetary computer in the Treasury that creates and sends out this digital money. Congress controls the amounts. The Defense Dept. along with the Treasury should protect the "Monetary Creation Central Computer." We have learned form the past that counterfeiting can lead to a major destruction of money.

The Commerce Dept. will continue and expand its inflationary formulas and statistics. Plus monitor the currency markets. They will also make it completely transparent and provide public access through the Internet. This will help guide our representatives in not creating excess inflation. It will also provide the public awareness so that the election process becomes another check and balance.

The Justice Dept will also set up a monetary inspector general to make sure the rules and regulations are followed in the creation and distribution of new money both in the private and public sectors. This is another check and balance.

This is our recommendation for issuing new money. There are several other reformers that keep it under the Treasury and/or Federal Reserve. I am not

overly concerned who runs it but what they are running. It should be diversified and structured to prevent abuse and concentration of wealth.

Hopefully, most of you will feel that the number of distribution systems, many in private hands along with all these checks and balances, will allow for an adequate monetary creation and distribution system to be created for the 21st Century modern economy without excess inflation, a system based on human error not perfection!

For those of you economists, who like numbers and econometrics, please check Professor Karoru Yamaguchi of the University of Doshisha in Kyoto, Japan at kaoyamag@mail.doshisha.ac.jp. He has created a modeling that substantiates this evolutionary change.

Summary of the Elimination of Excess/Hyperinflation & Asset Bubbles

Since the only objection perceived or real anyone can give you for monetary reform is that of excess inflation, we decided to summarize the many reasons why our recommended reforms will not cause inflation or asset bubbles. These reasons are in the body of the text. But, remember in the last 100 years most hyperinflationary environments had a Central bank present!

1. Diversity of monetary delivery systems. This especially helps in avoiding asset bubbles and allows for more monetary expansion.

2. Production and Productivity. We now live in an abundance world. The private sector is extremely productive and can produce most of the goods and services. We have excess capacity for most goods and services which is a deflationary factor. We just don't have enough quality consumers. The expansion and diversity of the monetary functions will aid in this production, by providing more funds for production than for collateralized loans.

3. Reduction of the high interest rate charges which is a cost of doing business and places an upward pressure on prices.

4. Encouraging savings and investing rather than over consumption of goods.

5. Encouraging spending on personal services rather than over spending on goods.

6. Having the Commerce Dept. creating and publishing an array of inflation statistics.

7. Having many checks and balances in the creation and distribution of money in the Federal Government. (President, Treasury, Judiciary, Commerce, Senate, House) The debate will be how much and where to increase or decrease monetary creation based on the inflationary statistics instead of this philosophical debate.

8. Voters will be able to cast their votes based on inflationary management of the country.

9. Currency markets should be monitored in the long term to help control any excess inflation including gold and number of bankruptcies and foreclosures.

10. Increasing taxation removes money from the system.

11. Competition usually keeps upward spirals of prices in check. Increasing anti trust enforcement and/or regulating monopolies and oligopolies helps.

12. Substantially encourage renewables and recycling to reduce the demand pressures on raw materials-commodities.

13. Elimination of “fractional reserve banking”. This current system creates money buy making loans – but it doesn’t create the interest to pay for the loans which can’t get paid unless there is a supply of new money continually coming along. This forces new loans causing inflationary conditions.

Inflation should be at least 2% as any lower is too close to human error bringing deflation causing recession/depression and severe human hardship.