**Occupying the NEED Act**

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More than 5 years into the economic crisis created by Wall Street, recovery is a nothing but a meaningless word, mouthed by politicians. Yet just two years ago a bill was placed before the last Congress: the National Emergency Employment Defense Act (the NEED Act)

Ignored by politicians and corporate media alike, the NEED Act would:

* Pay every American a Citizen’s Dividend that could easily be $10,000 for every man woman and child in the country.
* Thus giving small businesses what they need: customers with debt-free money to purchase their goods and services.
* Pay off the national debt, as it comes due, without deficit spending.
* Create 7–10 million new jobs repairing the nation’s crumbling infrastructure.
* Provide debt-free funds to beleaguered state governments. Indiana’s would initially be about $1.5 billion per year.
* Provide interest-free, loans to local governments for schools, libraries etc., replacing the present system of financing through interest bearing bonds.

Understanding why the National Emergency Employment Defense Act (the NEED Act), H.R. 2990 was ignored and what needs to be done to put it back before Congress again, only this time with strong citizen support, involves a discussion of who creates and benefits from our money.

The Federal Reserve System celebrates its 100th anniversary on Christmas Eve, 2013. Contrary to what most Americans think, it is not a part of the U.S. government. Rather it is network of privately owned banks, wholly controlled by a handful of Wall Street megabanks: Chase, CitiBank, Bank America and Goldman Sachs. In 1913, the Federal Reserve Act ceded the power to create the nation’s money supply to the private Federal Reserve System and its private member banks. Anyone doubting their absolute power should hearken to Assistant Senate Majority Leader Dick Durbin of Illinois statement following the financial crash of 2008 and the inability to regulate the banks, ” . . . and frankly they (banks) own the place (Capital Hill).”;

Arrayed against this plenary power of private banks to create our money supply are you, I, your friends, families, neighbors, mine and everyone else who either works for a living or has a need to do so—the working class. Because the Occupy Movement was successful in creating a dialogue about the inequality endemic to our present economic system, it was necessary for those that represent the wealthy banking class to [attack each and every permanent occupation that had brought American citizens together](http://www.justiceonline.org/commentary/fbi-files-ows.html#documents) to try and work out a more equal system. These attacks were orchestrated nationally by the Obama Administration.

Yet there is little doubt that the same attacks would have been made by a Republican Administration, if one were in office.

The challenge for Occupy and other peace and social justice groups is to first garner a basic understanding of the nature of money and then advocate both within the present corrupt political system and outside the system for a return of the power to create money to the people through a representative and responsive federal government. I use the word return, not because this had been the actual practice, but because this is the power vested in the Constitution. “The Congress shall have The Power To . . . coin Money . . . ,” Article 1, Section 8.

**Nature of money**

The confusion the banking class has spread throughout our country’s history has been successful in keeping the people and our elected representatives ignorant of the nature of money.

There are basically three types of money:

1. *Money as a commodity:* Gold and silver coins and paper money backed by 100% gold and silver reserves in the vault.
2. *Debt money created by banks:* This is the system we have now and is the cause of our present problems. Bills and coins make up only about 2 1/2% of our total money supply. The rest of our money supply is conjured up out of thin air by private banks when they make loans, with a private tax (interest) added on top.
3. *Money by law:* Aristotle defined money as an abstract legal creation of the state, created to benefit society as a whole, in contrast to those who believed money was a commodity to be hoarded by the wealthy. “Money exists not by nature, but by law.” As such, money is an instrument of law for the benefit of all. Its value is a reflection of that society’s industry and concept of justice. Always public, never private.

Both *money as a commodity* and *debt money created by banks* monetary systems have historically resulted in tremendous inequality with the money always ending up comfortably ensconced in the vaults of the wealthy. *Money by law* monetary systems in ancient Rome and Sparta allowed these sleepy hamlets to develop into two of the most thriving city states in the ancient world, with a much greater level of equality amongst their citizens than neighboring states had.

**Rome and Sparta: *Money by law***

Rome had a *money by law* monetary system of bronze bars and coins from the reign of King Numa in 716 BC until wars further and further from home resulted in the minting of silver coins to pay their armies in foreign lands beginning around 310 BC. The bronze *money by law* monetary system was still used exclusively at home until the Punic Wars with Carthage resulted in Rome converting into a silver coin *money as a commodity* system by about 212 BC. Rome became a world power with its *money by law* monetary system. Its decline coincided with it changeover to a *money as a commodity* system.

Before Lycurgus became king of Sparta around 800 BC, he travelled much of the known world to get ideas about how to have the fairest and most equitable system for his future subjects. On the island of Crete he met the poet Thales “the lawgiver” who returned to Sparta to advise him. Lycurgus then eschewed the *money as a commodity* system of gold and silver and instead installed a *money by law* monetary system of elongated iron discs. They were called Pelanors because they resembled small cakes of the same name. They intentionally had no value outside the law. They were dipped in vinegar when hot during the smelting process. This made them brittle and useless for anything but *money by law.* Lycurgus also instituted land reforms, dividing the land more equally amongst the Spartan citizens.

Sparta grew into a Hellenic power during the almost 400 years of a *money by law* monetary system. Around 415 BC Sparta became more and more involved in wars far from home and regressed to a gold and silver *money as a commodity* monetary system. This was done largely as a result of successful foreign conquests and the capture of gold and silver from the vanquished that then made its way back to Sparta. The combination of war and a *money as a commodity* monetary system was then the cause of Sparta’s demise as a world power.

**U.S.** ***money by law***

U.S. history—Jefferson and Madison battling with the private 1st Bank of the United States, Jackson and Van Buren clashing with the private 2nd Bank of the United States, the Greenback and Progressive Movements, more recently parts of the Occupy Movement—has been a struggle and search for a fair and equitable system of money. Unfortunately, until now the banking class has had the money, clout and the ability to befuddle the issue enough to remain in power. Bank accountants then mystify the explanations of their occult practices, while the 99% are swallowed up in the quicksand of debt from present and past monetary policy.

The justification for giving the money power to the private First and Second Banks of the U.S. and the private Federal Reserve System was that they were issuing *money as a commodity* backed by gold and silver in their vaults. But the reality was that the banks that Jefferson, Madison, Jackson and Van Buren fought, the private banks and their private Federal Reserve System that citizens battle today have always created our money supply out of thin air by issuing *debt money created by banks.* This has been done historically by a process called “fractional reserve lending” in which banks loaned out about 10 times the actual money they had in reserve. Recently this process has been advanced to the point that the banks make the loans first and then use the entire Federal Reserve System to borrow whatever funds are necessary to justify the loan.

It is why citizens in the U.S., countries across the globe such as Greece, Cyprus and Spain, our own cities like Detroit and states like Illinois are all becoming debt slaves to a private banking class.

Let’s look at the successful examples of *money by law* in our own history.

**Colonial Scrip**: North American colonists suffered from a lack of money throughout their history. Remember that the colonies were created to benefit the mother country and not to provide a good life for the colonists. English law forbade sending coinage to the colonies and the Dutch also kept coinage from New Amsterdam (New York). Economic activity became so difficult that Massachusetts even made a small amount of Indian wampum legal tender in an effort to create a circulating medium.

Massachusetts rediscovered the science of money in 1690 when she issued “bills of credit,” the first paper money in the West. She spent them into circulation paying for the colonial expenses. Pennsylvania followed in 1723 with paper money that was loaned instead of spent into existence. A less perfect system, but still effective in alleviating the shortage of money in the colony.

The colonial *money by law* fiat currencies dramatically improved life in the colonies, facilitated the building of real infrastructure and reversed the flow of emigrants who for decades had been moving back to England. Because the colonial script was successful at alleviating hardship and fostering a new spirit of independence, the mother country made them illegal.

**Continental Currency:** The Continentals helped us to win our independence. The Continental Congress authorized $200 million and issued that amount to finance the new nation’s struggle for independence. Long after they made the Revolution a reality, they have been smeared by pundits as inflation money. What actually happened was that the British counterfeited billions of them and eventually destroyed the Continentals. Yet they still carried us over a 51/2 year period of Revolutionary War and to within 6 months of final victory. They gave us our nation!

**Greenbacks:** $450 million of paper Greenbacks were issued to fight the Civil War, in lieu of paying usurious interest rates to private banks. Eventually they were exchanged dollar for dollar with gold coins, but few were returned as Americans liked their paper *money by law* Greenbacks. The Greenbacks allowed us to keep the nation that the Continentals had given us and the Colonial Paper Scrip had helped to build.

**Results of *debt money* created by banks monetary sy*stem***

Now let’s examine what “debt money created by banks” has given us.

**The 11 major financial catastrophes in U.S. history:**

1. Panic of 1785–1788
2. Panic of 1792
3. Panic of 1819–1822
4. Panic of 1837–1843
5. Panic of 1857–1861
6. Great Depression or Panic of 1873–1878
7. Panic of 1893–1897
8. Panic of 1907
9. Great Depression 1929–1941
10. Recession of the mid 1970s
11. Depression 2008-?

In addition to this depressing record of financial panics, recessions and depressions, the U.S. is for all practical purposes the most unequal industrial democracy on earth.

* [UNICEF ranks the U.S. number 1 in childhood poverty](http://news.bbc.co.uk/2/hi/uk_news/6361349.stm) amongst 24 industrial democracies and 34th of 35 nations in a larger pool of nations, trailing only Romania.
* The Organization of Economic Cooperation and Development (OECD) r[anks the U.S. 28th of 30 member countries in inequality and poverty](http://www.globalresearch.ca/oecd-report-ranks-us-third-worst-in-inequality-and-poverty/10643), trailing only Turkey and Mexico.

The progressively increasing level of inequality is starkly represented by the 2011 study done by social scientists Atkinson, Piketty, and Saez. “Top Incomes in the Long Run of History.”; *Journal of Economic Literature.* Of all the income gains made in the U.S., during the Clinton years 45% went to the top 1% of earners, under Bush Jr. it was 65%. [Now under the alleged ‘progressive’ or ‘socialist’ Obama, 93% of all income gains in the country to the top 1%](http://www.nytimes.com/2012/03/26/opinion/the-rich-get-even-richer.html?_r=2&emc=eta1&).

The Occupy Movement was absolutely responsible for bringing a discussion of this inequality to the nation. Prior to Occupy there was never as much as a mention in the national media of the inequality built into our economic system. This is not because others had not been talking about inequality before, but because the level of citizen involvement in Occupy across the country, empathetically rejecting this inequality, made it impossible for the corporate media to completely ignore it.

Our work is far from finished though and our task is to now present and fight for a fairer and more equal system. the NEED Act’s monetary reform is the systemic change needed to bring about a greater level of equality. Enacting it is not the last step, but merely the first necessary step to fulfilling what we have all been taught is the promise of America.

The historical record is clear. There will be no relief for the American people under the current monetary system of *“debt money created by banks.”;* Congress squabbles because the system in place cannot solve the problem. **It is the problem.** Here is the solution.

**America needs the NEED Act**

In the last Congress, then Congressman Dennis Kucinich and Congressman John Conyers, Jr., sponsored H.R. 2990 The National Emergency Employment Defense (NEED) Act.

The 3 primary and necessary reforms of the NEED Act:

1) The Federal Reserve System is dismantled and good parts are placed into the US Treasury. A Monetary Authority within the Department of Treasury is created which avoids an inflationary or deflationary money supply. Most Americans think that the Federal Reserve System is actually a federal agency. the NEED Act accomplishes this.

2) Accounting rule changes prohibit the banks from creating debt money. Fractional reserve lending is decisively ended. Future bank lending would consist of banks lending monies that they actually had. This is what the majority of Americans mistakenly think happens now.

3) The Congress originates (creates) new U.S. Money and spends it into circulation, for infrastructure, health care and education and does so debt-free. the NEED Act specifically referenced spending $2.2 trillion the American Society of Civil Engineers estimated in 2009 was needed for repairs to our crumbling infrastructure. Their more recent 2013 report grades U.S. infrastructure with a D+ rating and estimates that $3.6 trillion needs to be spent on infrastructure repairs by the year 2020. This increases the number of jobs to be created from 7 to 10 million.

**Partial reforms have not worked in the past**

These reforms have been tried separately in the past and because they have been done separately the banking class has always managed to navigate around them and return to the status quo of a *debt money created by banks* monetary system.

1. The Bank of England, the British central bank and model upon which the U.S. Federal Reserve System was built, was nationalized in 1946 after the Church of England led a campaign against it. The Archbishop of Canterbury William Temple said of the Bank of England’s monetary policies that *“the result is to make into the master what ought to be the servant.”* Because the nationalization of the British central bank was done separately and fractional reserve lending was not quashed, the money creation power merely flowed to the individual private banks and away from the nationalized Bank of England and the British government. The status quo of *“debt money created by banks”;* remained.
2. The debt-free Greenbacks were created and spent into existence allowing the Union to fight and win the Civil War. Because the concurrent practice of money creation by fractional reserve lending was not stopped, the private banks, after first allowing the Greenbacks to win the war for the Union, were quick to eliminate their debt-free competition. This was all done despite the fact that U.S. citizens loved their debt-free Greenbacks.
3. In the 1830s Presidents Andrew Jackson and Martin Van Buren defeated the private Second Bank of the U.S. in a monumental struggle, ending the corrupt bank’s creation of *debt money.* This was a good thing, but because they both had an incomplete understanding of the nature of money, they neglected to create and spend into existence the *money by law* that was necessary for the economic lifeblood of our country. As a result of the lack of money, the country was plunged into the terrible Panic of 1837–43. Those individuals that think a return to the gold standard of *money as a commodity* would solve our problems, need to study the results of Jackson and Van Buren’s efforts doing exactly this.

**False reforms will not work now**

There is a move to create state banks like the state owned Bank of North Dakota. But state owned banks will continue to create debt money, the only difference is that it will be created by a state owned bank. While this might be marginally better than the current system, the actual gains for the people will be very limited and nothing will be done to stop the creation of debt money by private banks. In fact they will work hand in hand together in continuing to create debt money as they do now in North Dakota.

Money creation belongs to the nation and should be done debt free as it will be done in the NEED Act. Other banking functions can and should continue to be done by private banks and not a state or a national bank. Regulation of these private banks is very much a function of the federal government and will be done under the NEED Act.

In fact a very strong case can be made that legitimate private banks will be able to flourish under the NEED Act. They just won’t be creating our money supply as debt. With 10 million new good paying jobs created in infrastructure repairs and with a total of $3 trillion in Citizen Dividends, the American people can begin to repair their financial health. We will have money to invest in banks. The banks will then be able to loan this actual money out at a modest interest rate, benefitting all in society.

Local currencies and other inventions like the Bitcoin, while well intentioned, are merely diversions away from the systemic change that is desperately needed and accomplished by the NEED Act. Focusing on the NEED Act will get us what we need, focusing on diversions will keep the money power right where it is now with the wealthy and their private megabanks.

**Other features of the NEED Act**

What about the $17 trillion federal debt? The federal debt will be paid off as it becomes due. If we continue with a *debt money created by banks* system, we will never be able to pay off the debt.

The NEED Act is based on an understanding that the root economic problem is using debt for money and consequently a lack of money for average everyday people. This is immediately addressed with a Citizen’s Dividend to be paid to every citizen. This is necessary to maintain a sufficient money supply. The Federal Reserve System’s Open Market Account (SOMA) will be incorporated into the federal government with the NEED Act. It has the funds necessary for a $10,000 Citizen’s Dividend and in fairness these funds belong to the U.S. citizens. Other dividends may be forthcoming in the future, as long as they are non-inflationary.

A commitment of the NEED Act is to channel 25% of all newly created new U.S. Money to state governments based on population to use as they see fit. I estimate my state, Indiana’s share of this to be $1.5 billion per year, with a population of 6.5 million. This is based on a $15 trillion U.S. economy growing at a very modest 2% yearly rate, creating the need for $300 billion in new U.S. money, 25% of which would be allocated to the states.

This $300 billion in new U.S. Money would not be enough to finance the infrastructure rebuilding called for by the ASCE report. The charter of the NEED Act calls for money to be created in sufficient quantities for our nation’s needs, in a non inflation/deflation manner. The historical record has shown that creating money to build and benefit the entire society has been non inflationary and thus the infrastructure spending would be non inflationary. The legislation is clear that if spending becomes inflationary it will be checked, with the corollary also true that if deflation begins to rear its ugly head, more money will need to be created and spent into circulation. The Monetary Authority will determine the amount of new money to be created and spent into circulation. The Congress, under its Constitutional authority, will determine how to spend it.

Local governments are also experiencing tremendous financial pressures. The NEED Act makes interest free loans to local governments for schools, libraries, roads, sewage treatment plants etc. Done away with forever is the interest on bonds that have been used to finance such projects. The recent LIBOR scandal illustrated the illegal rigging of these interest rates, resulting in billions of dollars in excess interest paid to the international banking cartel by the 99%.

**Social justice & monetary policy**

Stephen Zarlenga’s *The Lost Science of Money,* a tour de force study of 3,000 years of monetary history, incorporates the perspective of social justice and fairness in monetary policy. All the world’s great religions have struggled to reconcile monetary policy and the abhorrent concept of usury. In my own youth almost all states had usury laws limiting the amount of interest that could be charged by lenders. In 1978 in *Marquette vs. First Omaha Service Corp.,* the Supreme Court ruled that a national bank could charge the highest interest rate allowed in their home state to customers living anywhere in the United States, including states with restrictive interest caps. This ruling coupled with subsequent court rulings and legislation has left the public defenseless against astronomically high interest rates and completely exposed to the money power’s greed.

Learning from Aristotle, Thomas Aquinas, the Scholastic Scholars of the Middle Ages and 3,000 years of monetary history, Zarlenga frees the term usury from the constraints of modern interpretation: simply charging an excessive interest rate to a definition more in keeping with the usage of the word usury in ancient societies. Zarlenga’s *“macro usury”;* is *“the taking of something for nothing through the structural misuse of the monetary mechanism.”;*

The NEED Act cuts to this very “heart of darkness” of the *debt money created by banks* monetary system of usury.

**Not addressed by the NEED Act**

What the NEED Act does not address is individual debt. A debt jubilee or forgiveness of debt is certainly within the spirit of social justice and the historical record from which the NEED Act originated. Making the NEED Act a reality, certainly no small feat, will help pave the way for such a jubilee.

We have other grave crises confronting our country. A few that come to mind:

* A culture of militarism, empire and war.
* Progressively greater and greater inequality.
* Global warming and a slew of other environmental crises.
* An undemocratic democracy.
* An assault on civil liberty.

The NEED Act, while not directly addressing these, will certainly make our country more equal and thus allow a greater level of democracy; the level of democracy and equality being in direct correlation to each other.

Wars and militarism have been a profit center of bankers throughout history. Taking the money power away from them will certainly reduce our present reliance on using war, as the first and almost always last, instrument of our foreign policy.

Putting the money power with the people through democratic representation will allow us to confront the tremendous crises of global warming, nuclear weapons, nuclear power and disposing of nuclear waste. Let’s face it, there is now and never will be sufficient funding to adequately address these crises, under a *debt money created by banks* monetary system.

And finally putting our government to work on all these positive programs to benefit our people will certainly reduce the need for our government to spy on its own citizens, torture and incarcerate them and claim the right to do this indefinitely, absent any process of law. When our government starts to make itself the servant of the people, there will be no need for it to be our enemy.

**How to do it**

Perhaps, I should ask you for your suggestions here. I have no illusions that our Congress and President will come to some great awakening and pass the NEED Act. Personally, I stopped voting with the 2010 election. This as a statement that our country is undemocratic to the core and my participation in the voting charade would be giving my consent to the entire process. This was done after previously voting in every election since I came of age and sent in my absentee ballot from Vietnam in 1968.

I believe that our organizing for the NEED Act outside of the political arena and lobbying those in the political arena should be done from a position that the system is rigged for the wealthy and it’s up to our representatives to prove us wrong by sponsoring and voting for the NEED Act. Our strategy should be simple: get on board and support it or you don’t get our votes. We will vote for no one who does not support the NEED Act and conversely will vote for whoever does, regardless of their party affiliation.

The NEED Act (National Emergency Employment Defense Act) is in bill form and was before the last Congress as H.R. 2990, cosponsored by Dennis Kucinich of Ohio and John Conyers of Michigan. There were no other cosponsors and there was no companion legislation in the Senate. Presently the NEED Act sits ready to go, but without a single sponsor in the Congress and no companion legislation in the Senate.

The entire bill, fourteen pages, is available at [monetary.org](http://www.monetary.org/wp-content/uploads/2013/01/HR-2990.pdf)

My own opinion is that two updates should be made to the bill.

1. Revise the amount to be spent rebuilding our infrastructure from $2.2 trillion to $3.6 trillion, as reflected in the more recent 2013 study by the American Society of Civil Engineers.
2. Specify $10,000 for the initial Citizen’s Dividend. This amount will be available when the Federal Reserve System Open Market Account is incorporated into the government and we will need this level of immediate infusion of money into the economy to replace the debt money that will no longer be created. So many of our citizens need this type of bailout to get back on their feet and when we are fighting for the bill, it will be so much more effective to state a specific figure rather than a vague statement that we will all get a dividend.

We need to organize within our congressional districts and states to pressure our representatives. Write them, email them, call them and arrange to meet in person and discuss the NEED Act with groups in each congressional district.

Short letters to the editor, because that’s all most newspapers allow now. Focus on one point. A few examples to stimulate your own writing. Please, feel free to use these as is or change them to fit your specific circumstances.

*“I want my Congressman to support the NEED Act, (National Emergency Employment Defense Act) because it will put 7–10 million Americans to work at good paying jobs and do this debt free. Congressman So and So, why are you not on board, fighting for jobs for your constituents, by supporting the NEED Act?”;*

*“The NEED Act (National Emergency Employment Defense Act) pays off the national debt so that we don’t have to have our Food Stamps, Unemployment Benefits, Head Start program etc. cut because of austerity, sequestration, government shutdowns. It also puts 7–10 million of us to work at good paying jobs and does so debt free. Congressman So and So, why are you not supporting and leading a parade for the NEED Act?”;*

*“The NEED Act would give our state (Indiana) a yearly grant of $1.5 billion debt-free from the federal government. This could be used in a variety of ways such as reducing college tuition, funding our local school districts and even reducing taxes.*

*Since this is new money spent into existence and not borrowed by our federal government, it does not add to the national debt. In fact under the NEED Act the federal debt is paid off as it comes due. Under our present system of debt money created by private banks, the federal debt will never be paid off.*

*Senators Coats and Donnelly, why on earth are you not sponsoring this legislation?”;*

*“I own a small business. I’ve been struggling for years to keep my business going and employees working. The NEED Act (National Emergency Employment Defense Act) gives each person in the country a $10,000 tax-free Citizen’s Dividend. It does so debt free. My business doesn’t need loans and more debt. My business needs customers with cash for the goods and services I provide. Congressman So and So, why are you not supporting the NEED Act?”;*

The American Monetary Institute monetary.org is a small non profit charity that supports monetary reform via the NEED Act. More information, along with Stephen Zarlenga’s book *The Lost Science of Money* are available there.

There is a need to create a website that organizes actions of all types supporting the NEED Act by Congressional Districts and States. Anyone that can help with this task please contact me at [OccupyNick@yahoo.com](mailto:OccupyNick@yahoo.com)

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- See more at: <http://www.intrepidreport.com/archives/11626#sthash.zFdih0bm.dpuf>