**Occupying the NEED Act**

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More than5 years into the economic crisis created by Wall Street, recovery is a nothingbut a meaningless word, mouthed by politicians. Yet just two years ago a billwas placed before the last Congress: the National Emergency Employment DefenseAct (the NEED Act)

Ignoredby 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.

Understandingwhy the National Emergency Employment Defense Act (the NEED Act), H.R. 2990 wasignored and what needs to be done to put it back before Congress again, onlythis time with strong citizen support, involves a discussion of who creates andbenefits from our money.

TheFederal 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 bya 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 moneysupply to the private Federal Reserve System and its private member banks.Anyone doubting their absolute power should hearken to Assistant SenateMajority Leader Dick Durbin of Illinois statement following the financial crashof 2008 and the inability to regulate the banks, ” . . . and frankly they(banks) own the place (Capital Hill).”;

Arrayedagainst this plenary power of private banks to create our money supply are you,I, your friends, families, neighbors, mine and everyone else who either worksfor a living or has a need to do so—the working class. Because the OccupyMovement was successful in creating a dialogue about the inequality endemic toour present economic system, it was necessary for those that represent thewealthy banking class to [attackeach 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 orchestratednationally by the Obama Administration.

Yet thereis little doubt that the same attacks would have been made by a RepublicanAdministration, if one were in office.

Thechallenge for Occupy and other peace and social justice groups is to firstgarner a basic understanding of the nature of money and then advocate bothwithin the present corrupt political system and outside the system for a returnof the power to create money to the people through a representative andresponsive federal government. I use the word return, not because this had beenthe actual practice, but because this is the power vested in the Constitution.“The Congress shall have The Power To . . . coinMoney . . . ,” Article 1, Section 8.

**Nature of money**

Theconfusion the banking class has spread throughout our country’s historyhas been successful in keeping the people and our elected representativesignorant of the nature of money.

There arebasically 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 moneycreated by banks* monetary systems have historically resulted intremendous inequality with the money always ending up comfortably ensconced inthe vaults of the wealthy. *Money by law* monetarysystems in ancient Rome and Sparta allowed these sleepy hamlets todevelop into two of the most thriving city states in the ancient world, with amuch greater level of equality amongst their citizens than neighboring stateshad.

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

Rome had a *money by law* monetary system ofbronze bars and coins from the reign of King Numa in716 BC until wars further and further from home resulted in the minting ofsilver coins to pay their armies in foreign lands beginning around 310 BC. Thebronze *moneyby law* monetary system was still used exclusively at home untilthe Punic Wars with Carthage resulted in Rome converting into a silver coin *money as a commodity* system by about 212BC. Rome becamea world power with its *money by law* monetary system. Itsdecline coincided with it changeover to a *money as a commodity*system.

Before Lycurgus became king of Sparta around 800 BC, he travelledmuch of the known world to get ideas about how to have the fairest and mostequitable system for his future subjects. On the islandof 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 Pelanorsbecause they resembled small cakes of the same name. They intentionally had novalue outside the law. They were dipped in vinegar when hot during the smeltingprocess. This made them brittle and useless for anything but *money by law.*Lycurgus also instituted land reforms, dividing theland more equally amongst the Spartan citizens.

Sparta grewinto a Hellenic power during the almost 400 years of a *money by law*monetary system. Around 415 BC Spartabecame 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 thecapture of gold and silver from the vanquished that then made its way back to Sparta. The combinationof war and a *money as a commodity* monetary system wasthen the cause of Sparta’sdemise as a world power.

**U.S.*money bylaw***

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

Thejustification for giving the money power to the private First and Second Banksof the U.S.and the private Federal Reserve System was that they were issuing *money as acommodity* backed by gold and silver in their vaults. But thereality was that the banks that Jefferson, Madison, Jackson and Van Burenfought, the private banks and their private Federal Reserve System that citizens battle today have always created our money supplyout of thin air by issuing *debt money created by banks.* This hasbeen done historically by a process called “fractional reservelending” in which banks loaned out about 10 times the actual money theyhad in reserve. Recently this process has been advanced to the point that thebanks make the loans first and then use the entire Federal Reserve System toborrow whatever funds are necessary to justify the loan.

It is whycitizens in the U.S.,countries across the globe such as Greece,Cyprus and Spain, our own cities like Detroitand states like Illinoisare all becoming debt slaves to a private banking class.

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

**Colonial Scrip**:North American colonists suffered from a lack of money throughout theirhistory. Remember that the colonies were created to benefit the mother countryand not to provide a good life for the colonists. English law forbade sendingcoinage to the colonies and the Dutch also kept coinage from New Amsterdam (New York). Economicactivity became so difficult that Massachusettseven made a small amount of Indian wampum legal tender in an effort to create acirculating medium.

Massachusettsrediscovered the science of money in 1690 when she issued “bills ofcredit,” the first paper money in the West. She spent them intocirculation paying for the colonial expenses. Pennsylvania followed in 1723 with papermoney that was loaned instead of spent into existence. A lessperfect system, but still effective in alleviating the shortage of money in thecolony.

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

**Continental Currency:** TheContinentals helped us to win our independence. The Continental Congressauthorized $200 million and issued that amount to finance the newnation’s struggle for independence. Long after they made the Revolution areality, they have been smeared by pundits as inflation money. What actuallyhappened was that the British counterfeited billions of them and eventuallydestroyed the Continentals. Yet they still carried us over a 51/2year period of Revolutionary War and to within 6 months of final victory. Theygave us our nation!

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

**Results of *debt money* created bybanks monetary sy*stem***

Nowlet’s examine what “debt money created by banks” has givenus.

**The 11 major financialcatastrophes 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-?

Inaddition to this depressing record of financial panics, recessions anddepressions, 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.

Theprogressively increasing level of inequality is starkly represented by the 2011study done by social scientists Atkinson, Piketty,and Saez. “Top Incomes in theLong Run of History.”; *Journal of Economic Literature.*Of all the income gains made in the U.S.,during the Clintonyears 45% went to the top 1% of earners, under Bush Jr. itwas 65%. [Nowunder 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 OccupyMovement was absolutely responsible for bringing a discussion of thisinequality to the nation. Prior to Occupy there was never as much as a mentionin the national media of the inequality built into our economic system. This isnot because others had not been talking about inequality before, but becausethe level of citizen involvement in Occupy across the country, empatheticallyrejecting this inequality, made it impossible for the corporate media tocompletely ignore it.

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

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

**America needs the NEEDAct**

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

The 3primary and necessary reforms of the NEED Act:

1) TheFederal Reserve System is dismantled and good parts are placed into the USTreasury. A Monetary Authority within the Department of Treasury is createdwhich avoids an inflationary or deflationary money supply. Most Americans thinkthat 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. Fractionalreserve lending is decisively ended. Future bank lending would consist of bankslending monies that they actually had. This is what the majority of Americansmistakenly think happens now.

3) TheCongress 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 trillionthe American Society of Civil Engineers estimated in 2009 was needed forrepairs 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 bespent on infrastructure repairs by the year 2020. This increases the number ofjobs to be created from 7 to 10 million.

**Partial reforms have notworked in the past**

Thesereforms have been tried separately in the past and because they have been doneseparately the banking class has always managed to navigate around them andreturn to the status quo of a *debt money createdby 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 notwork now**

There isa move to create state banks like the state owned Bank of North Dakota. Butstate owned banks will continue to create debt money, the only difference isthat it will be created by a state owned bank. While this might be marginallybetter than the current system, the actual gains for the people will be verylimited and nothing will be done to stop the creation of debt money by privatebanks. In fact they will work hand in hand together in continuing to create debtmoney as they do now in North Dakota.

Moneycreation belongs to the nation and should be done debt free as it will be donein the NEED Act. Other banking functions can and should continue to be done byprivate banks and not a state or a national bank. Regulation of these privatebanks is very much a function of the federal government and will be done underthe NEED Act.

In fact avery strong case can be made that legitimate private banks will be able toflourish under the NEED Act. They just won’t be creating our money supplyas debt. With 10 million new good paying jobs created in infrastructure repairsand with a total of $3 trillion in Citizen Dividends, the American people canbegin 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 interestrate, benefitting all in society.

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

**Other features of theNEED Act**

What aboutthe $17 trillion federal debt? The federal debt will be paid off as it becomesdue. If we continue with a *debt money createdby banks* system, we will never be able to pay off the debt.

The NEEDAct is based on an understanding that the root economic problem is using debtfor money and consequently a lack of money for average everyday people. This isimmediately addressed with a Citizen’s Dividend to be paid to everycitizen. This is necessary to maintain a sufficient money supply. The Federal ReserveSystem’s Open Market Account (SOMA) will be incorporated into the federalgovernment with the NEED Act. It has the funds necessary for a $10,000Citizen’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 arenon-inflationary.

Acommitment 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. Iestimate my state, Indiana’sshare 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 $300billion in new U.S.money, 25% of which would be allocated to the states.

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

Localgovernments are also experiencing tremendous financial pressures. The NEED Actmakes interest free loans to local governments for schools, libraries, roads,sewage treatment plants etc. Done away with forever is the interest on bondsthat have been used to finance such projects. The recent LIBOR scandalillustrated the illegal rigging of these interest rates, resulting in billionsof dollars in excess interest paid to the international banking cartel by the99%.

**Social justice &monetary policy**

Stephen Zarlenga’s *The Lost Science of Money,* a tour deforce study of 3,000 years of monetary history, incorporates the perspective ofsocial justice and fairness in monetary policy. All the world’s greatreligions have struggled to reconcile monetary policy and the abhorrent conceptof usury. In my own youth almost all states had usury laws limiting the amountof interest that could be charged by lenders. In 1978 in *Marquette vs.First Omaha Service Corp.,* the Supreme Court ruled that anational bank could charge the highest interest rate allowed in their homestate to customers living anywhere in the United States, including stateswith restrictive interest caps. This ruling coupled with subsequent courtrulings and legislation has left the public defenseless against astronomicallyhigh interest rates and completely exposed to the money power’s greed.

Learningfrom 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 ofmodern interpretation: simply charging an excessive interest rate to adefinition more in keeping with the usage of the word usury in ancient societies.Zarlenga’s *“macro usury”;*is *“thetaking of something for nothing through the structural misuse of the monetarymechanism.”;*

The NEEDAct cuts to this very “heart of darkness” of the *debt moneycreated by banks* monetary system of usury.

**Not addressed by the NEEDAct**

What theNEED Act does not address is individual debt. A debt jubilee or forgiveness ofdebt is certainly within the spirit of social justice and the historical recordfrom which the NEED Act originated. Making the NEED Act a reality, certainly nosmall feat, will help pave the way for such a jubilee.

We haveother grave crises confronting our country. A few that cometo 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 NEEDAct, while not directly addressing these, will certainly make our country moreequal and thus allow a greater level of democracy; the level of democracy andequality being in direct correlation to each other.

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

Puttingthe money power with the people through democratic representation will allow usto confront the tremendous crises of global warming, nuclear weapons, nuclearpower and disposing of nuclear waste. Let’s face it, there is now andnever will be sufficient funding to adequately address these crises, under a *debt money created by banks*monetary system.

Andfinally putting our government to work on all these positive programs tobenefit our people will certainly reduce the need for our government to spy onits own citizens, torture and incarcerate them and claim the right to do thisindefinitely, absent any process of law. When our government starts to makeitself 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 ourCongress 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 thatour country is undemocratic to the core and my participation in the votingcharade would be giving my consent to the entire process. This was done afterpreviously voting in every election since I came of age and sent in my absenteeballot from Vietnamin 1968.

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

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

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

My ownopinion 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 needto organize within our congressional districts and states to pressure ourrepresentatives. Write them, email them, call them and arrange to meet inperson and discuss the NEED Act with groups in each congressional district.

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

*“I want my Congressman to support the NEED Act,(National Emergency Employment Defense Act) because it will put 7–10million 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 yourconstituents, by supporting the NEED Act?”;*

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

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

*Since this is new money spent into existence and notborrowed by our federal government, it does not add to the national debt. Infact under the NEED Act the federal debt is paid off as it comes due. Under ourpresent system of debt money created by private banks, the federal debt willnever be paid off.*

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

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

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

There isa need to create a website that organizes actions of all types supporting theNEED Act by Congressional Districts and States. Anyone that can help with thistask please contact me at OccupyNick@yahoo.com

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