

COALITION FOR CAPITAL HOMESTEADING
DECLARATION OF MONETARY JUSTICE

Whereas, the United States economy is today plagued by a growing gap between the rich and the non-rich; by a global recession and credit crisis; by debilitating waste and under-employment of human talent; by inadequate growth alongside shackled technological potential; by record-level trade and governmental budget deficits; and by an estimated “hidden debt” of \$56.4 trillion (or \$483,000 per household)* in future Social Security and Medicare entitlements, added to historically high Federal debt being imposed on young Americans and generations not yet born; and

Whereas, the sustainable growth and energy self-sufficiency of the American economy in the Twenty-First Century will require trillions of dollars each year of new and improved, life-enhancing technology, rentable space and physical infrastructure; and

Whereas, the Joint Economic Committee of Congress, as early as 1977, has declared broad-based ownership of new capital as an effective strategy for raising national productivity; and

Whereas, the national goal of equal economic opportunity has been blocked by artificial barriers to widespread capital ownership; and

Whereas, this policy objective has been frustrated by the systemic concentration of economic power and exclusionary access to future capital credit to the advantage of the wealthiest Americans; and

Whereas, the Federal Reserve System has stifled the growth of America’s productive capacity through its monetary policy, by monetizing public-sector growth and mounting Federal deficits and bailouts of mortgage loan sharks and their Wall Street syndicators; by favoring speculation over investment; by shortchanging the capital credit needs of entrepreneurs, inventors, farmers and workers; by increasing the dependency of families by burdening them with usurious consumer credit; and by perpetuating unjust capital credit and ownership barriers between rich Americans and those without savings; and

Whereas, there is a fundamental difference between asset-backed credit for productive uses and debt-backed credit for non-productive uses, consumption or speculation; the first being critical for stimulating private sector investment, savings and the supply of new marketable wealth, and the second being used to give people more inflated dollars to chase the same supply of existing wealth; and

Whereas, the Federal Reserve Board is now empowered under Section 13 of the Federal Reserve Act to reform monetary policy to discourage non-productive and speculative uses of credit, to encourage accelerated rates of private sector growth, and to promote widespread individual access to productive credit as a fundamental right of citizenship;

Now, Therefore, Be It Resolved, that the Congress amend the Federal Reserve Act (1) to require the Federal Reserve Board to stop monetizing government debt through its buying and selling of U.S. Treasury securities, (2) to begin re-activating its discount mechanism to encourage private sector growth linked to expanded ownership opportunities for all Americans, and (3) to provide a lifetime ownership share in each regional Federal Reserve bank to every citizen as a fundamental right of citizenship.

To This End, we hereby petition the Federal Reserve Board to adopt a two-tiered money-creation and credit policy that sharply distinguishes between ownership-expanding, productive credit, and ownership-concentrating, non-productive and speculative uses of credit. The upper tier, reflecting the higher market costs of borrowing “old money” from existing domestic and foreign savings pools and existing assets, should continue to be maintained as a source of market-rate credit to public-sector borrowers, consumers, speculators, and for all other non-productive purposes. The Federal Reserve discount rate for the lower tier should be reduced to no higher than 0.5 percent as a one-time “service fee” for creating interest-free “new money” backed by sustainable, non-inflationary and broadly owned growth.

This new reservoir of Federal Reserve monetized credit should be reserved exclusively for commercial bank members of the Federal Reserve System to the extent they in turn make available in equal periodic allotments to every citizen through “Capital Homestead Accounts” (Special IRAs) direct access to capital credit at reasonable service charges and risk premiums, with prime rates set by market forces above the Fed discount rate to its member banks. Such expanded bank credit should not be subsidized by the taxpayers, and should be backed and collateralized by the newly acquired assets and private sector credit insurance to cover the risk of default.

Such ownership-broadening capital credit borrowed through local banks at the lower tier rates could be invested in “qualified” securities such as newly issued, full-dividend payout, full voting shares in a company for which a member of the citizen’s household works; companies in which the citizen’s household has a monthly billing account; for-profit Citizens Land Banks/Cooperatives/Corporations organized for large-scale local land and infrastructural development; Employee Stock Ownership Plans; Homeowners Equity Corporations for turning renters into owners; production and marketing cooperatives and partnerships; family-owned and -operated businesses and farms; and mature companies with a history of solid earnings; and

Be It Further Resolved, that a copy of this Declaration of Monetary Justice be sent to the President and to members of Congress and the Board of Governors of the Federal Reserve System.

I wish to add my name (and/or my organization) to the list of signatories to the Declaration of Monetary Justice:

Signature _____ Date _____

Printed Name _____ Email _____

Organization (for organizational listing): _____ My Title _____

Address _____ City _____ State _____ Zip _____