

SENATE CONCURRENT RESOLUTION NO. 26

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 fifty-six trillion dollars, or four hundred eighty-three thousand dollars 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 goals of equal economic opportunity and widespread capital ownership have been blocked by artificial barriers erected in monetary, tax, and inheritance policies; 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, paragraph 2 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 members of the Missouri Senate, One Hundred First General Assembly, Second Regular Session, the House of Representatives concurring therein, hereby call on the U.S. Congress to enact the proposed Economic Democracy Act as a national "just free market" policy to foster life-long capital ownership self-sufficiency as a fundamental right of citizenship and as a

means to achieve true economic independence for all citizens; and

Be It Further Resolved that the Act would 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 through its twelve regional Federal Reserve Banks to encourage sustainable, non-inflationary private sector growth linked to lifetime equal capital ownership opportunities for every American, and (3) for each regional Federal Reserve bank to provide an equal ownership share to the permanent residents they serve; and

Be It Further Resolved that the Act would simplify today's complex and inequitable tax system by substituting a single-rate tax on non-exempt personal incomes from all sources above a living income exemption, while:

1. Paying from general revenues all entitlements, welfare supports, and other government spending at present levels, while fulfilling all current Social Security and Medicare obligations;

2. Eliminating the payroll tax on workers and employers;

3. Taxing the individual recipient of all gifts and inheritances above a determined level to encourage extremely wealthy citizens to spread out their wealth or estates among many citizens;

4. Making dividend payouts deductible to corporations, to promote one hundred percent distributions to shareholders and accelerate citizen capital loan repayments; and

5. Balancing the budget and paying off federal government debt as quickly as possible; and

Be It Further Resolved that the General Assembly petitions 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, nonproductive 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 nonproductive purposes. The Federal Reserve discount rate for the lower tier should be reduced to no higher than one-half percent as a one-time "service fee" for creating interest-free capital credit and money backed by broadly owned capital assets. This new reservoir of Federal Reserve monetized capital credit should be reserved exclusively for capital credit borrowers through Federal Reserve regulated commercial and cooperative banks. Citizens' tax-sheltered "Capital Ownership Accounts", similar to Individual Retirement Accounts, or "IRAs", would receive insured capital credit at reasonable bank service charges covering capital credit insurance premiums. 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 commercial and cooperative banks 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; Employee Stock Ownership Plans; and 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. In order to finance new infrastructure and land development, Citizens Land Development Cooperatives could receive fed-monetized capital credit through local commercial and cooperative banks on behalf of every permanent resident in their jurisdictions. Every child, woman, and man in the area covered by a CLDC would receive a free, full dividend-payout, full voting, non-transferable share, entitling them to an equal share of leasing profits and voting control in the CLDC; and

Be It Further Resolved that the Secretary of the Senate be instructed to prepare a properly inscribed copy of this resolution for the President of the United States, each member of the Missouri Congressional delegation, and the Board of Governors of the Federal Reserve System.