

Speaking Notes

Survey Of Monetary Reform Groups, Their Accomplishments And Options For Making Progress

Joe Polito and Jeff Eder

Introduction:

To introduce this survey I have a little quiz for you. Identify the individual who said, "If our nation can issue a dollar bond, it can issue a dollar bill." He was born in the 1840's and had the benefit of living through Lincoln's Greenbacks and the Greenback Party.

He complained in a [two part](#) interview, "[any time we wish to add to the national wealth we are compelled to add to the national debt.](#)"

Identify the Ayn Rand devotee who answered the question on the safety of buying Treasury bonds, "The United States can pay any debt it has because [we can always print money](#)" (Something he said on at least [two occasions](#))

Identify the conservative economist who was a big fan of the Greenbacker [Henry George](#) and his land tax proposals. If you still don't know, he wrote a [1948 paper](#) which supported the Chicago Plan.

Since the [Chicago Plan](#) of the 1930's a few enlightened politicians have been seeking monetary reform. One was Wright Patman (US Congressman, Chair of the House Committee on Banking and Currency, 1963 – 1975 , who said, "I have never yet had anyone who could, through the use of logic and reason, justify the Federal Government borrowing the use of its own money." He often had these discussions with Fed Chair Marriner Eccles who was [in favour of full employment](#), and opposed [the 1935 rule which prevented direct purchases of government bonds](#), and he [understood Economics and the rentier world of debt based money](#) as indicated in his poker analogy.

A Canadian federal member of parliament, Jerry McGeer, asked the Governor of the Bank of Canada, in 1939, "Will you tell me why a government with power to create money, should give that power away ... and then borrow that which parliament can create itself, back at interest, to the point of national bankruptcy?" [Committee on Banking and Commerce](#)

Both politicians were asking – why do we have a debt based money system? And why can our government debt be monetized by private for-profit banks, but not by our central banks?

All five of these individuals direct us to perhaps the most consequential change we can make to create a just society: a just money system.

Part 1. Sample of noteworthy organizations, proposals and politicians around the world.

A) United States

American Monetary Institute/Stephen Zarlenga

AMI often uses three precedents of history to show the practicality and academic validity of its aspirations:

1. Paper money issued by the colonies. A paper on this innovation was written by the remarkable [Benjamin Franklin](#).
2. The President Lincoln's Greenbacks which led to an influential and comprehensive platform by the Federal [Greenback Party](#).
3. [The Chicago Plan proposal](#) during the Great Depression . That proposal concluded: *When violent booms and depressions, in which fluctuations in the supply of money play so vital a part, rob millions of their savings and prevent millions from working, constitutions are likely to become scraps of paper...In this manner the decline of democracy has set in elsewhere, and unless we take intelligent action, it may happen here.*

Stephen Zarlenga had great influence through

- His speeches to the [House of Lords](#) and to [The United States Treasury](#)
- His [Huffington Post column](#)
- His annual Conferences for those who wish to learn and participate in the quest for just money. This is the 18th.
- His highly respected book. [The Science of Money](#)
- His relationship with the followers of [Henry George](#) and [Robert DeFremery](#) who held similar views about **just taxes** and monetary reform.

Steven liked to say that Aristotle described money as [a creature of the law](#), a view supported in 5 minutes of a book presentation by [economist Felix Martin](#) which concludes that [money is how we organize ourselves](#).

Steven's work led to major political action -federal legislation. The [Need Act](#) was introduced to Congress by [Denis Kucinich](#) who campaigned in several Democratic Presidential primaries. It [detailed](#) the legislative changes necessary to fix our monetary system. That change would empower us to fully address Nobel Laureate William Vickrey's remarkable list of [Fifteen fatal fallacies of financial fundamentalism](#) . This remarkable paper explains fundamentals of economic science such as 'The Household fallacy', 'The Paradox of Thrift', 'Investment vs Saving' and 'Full Employment'. His most powerful point reminds us of the Need Act, in which he says about the fallacies:

Taken together, their acceptance is leading to policies that at best are keeping us in the economic doldrums with overall unemployment rates stuck in the 5–6% range. This is bad enough merely in terms of the loss of 10–15% of our potential production, even if shared equitably, but when it translates into unemployment of 10%, 20%, and 40% among disadvantaged groups, the further damages in terms of poverty, family breakup, school truancy and dropout, illegitimacy, drug use, and crime become serious indeed. And should the implied policies be fully carried out in terms of a "balanced budget," we could well be in for a serious depression.

Vickrey was also a Georgist who understood the need for **just taxes**.

B) Canada

i) Prime Minister Mackenzie King who later nationalized the Bank of Canada, said in 1934, "Until the control of the issue of currency and credit is restored to government and recognized as its most conspicuous and sacred responsibility, all talks of the sovereignty of Parliament and of democracy is idle and futile."

ii) A political movement existed in several provinces and the nation based on the [Social Credit](#) monetary proposals of Major Douglas which are closely related to Nobel Laureate [Frederick Soddy](#) and the Monetary Reform movement.

iii) A very active advocacy group formed in Canada:

[COMER — Committee on Monetary and Economic Reform](#)

- This group is over 35 years old, and some members used to attend AMI conferences.
- It had a rich and renowned [newsletter](#).
- A prominent member, former federal cabinet minister Paul Hellyer was [interviewed](#) by Steve Paikin, on his highly respected television program on politics. [Paul got into politics to pursue monetary reform](#) Paikin has done interviews with Economist Mariana Mazzucato who as these cued up clips show, is very friendly to monetary reform and Georgist thinking: [2014](#), [2015](#), [2018](#) and [2021](#).
- Their most significant accomplishment was a multi-year [lawsuit](#) against the Bank of Canada.

Several Comer members have been published elsewhere such as a [major think tank](#) and [Rabble](#).

iv) [Progressive Money Canada](#) is the most recent Canadian effort to promote monetary reform which Jeff will [introduce](#) today.

C) Switzerland

Another major political effort was accomplished by the [Monetary Modernisation Association](#) which organized the [Swiss referendum](#) in an attempt to change the monetary system. In hindsight one representative of the movement wonders if an [interim](#) step would be a good strategy.

D) Other European Efforts

1. [Positive Money](#) shares a perspective similar to [COMER](#). This [paper](#) by Ben Dyson is very similar to the [Omarova/Kumhof paper](#) on accounting practices for a changing paradigm of money. PM has 60,000 followers on Facebook and its founder Ben Dyson was hired by The Bank of England. PM also has a concern for [Just taxes, housing affordability and economic rent \(unearned income/windfall profits\)](#).

2. [Sovereign Money](#) is Joseph Huber's website. While he has supported the Need Act, he has proposed refining the Chicago Plan approach from the current two-circuit system of money and reserves to a [single circuit, succinctly described by Positive Money](#). Professor Huber also has a good

way of explaining the [paradox of thrift – the negative result of paying back federal debt](#) which is very relevant these days.

E) [Sustainable Economics](#) and its [archives](#)

Brian Leslie's group had a very educational approach and promoted both monetary reform and just taxes which address economic rent (better described as unearned income and windfall profits). The newsletter included many articles by Comer members such as Keith Wilde who combined monetary reform with Georgist thinking in [The Tollgate Economy](#) in which he **says “banks and other financial institutions have replaced landlords as the primary tollgate operators.”**

Brian Leslie informed his readers of the [UK version of Lincoln's unbacked Greenback](#), the [Bradbury](#) which was detailed in a [book](#) by Professor Roberts. He recounts the very effective steps the UK took in coping with both the crisis of financing World War 1 and the earlier 1914 financial crisis which was the equal of the Great Recession.

F) International Movement for Money Reform

There are many [members](#) in this worldwide movement for Monetary Reform.

G) Economic Reform Australia.

The Australian Group like Comer and Sustainable Economics has liberal doses of commentary on economic rent and references to [Henry George](#) and The [Chicago Plan](#) and [The Chicago Plan revisited](#).

H) The Legal scholars like Christine Desan and Robert Hockett and Saule Omarova are expanding our understanding of money. Desan like AMI uses Lincoln's Greenbacks to show how our public utility and democratic medium of money distributes authority & mobilizes resources for public purposes in this short [video](#) and in her presentation at this conference.

I) Henry George institutions such as [The Henry George School of Social Science](#) and [The Schalkenbach Foundation](#) effectively educate citizens on Henry George and 'just tax' innovation. **Professor Condon** has made [many](#) fine, practical [proposals](#) to augment this movement, proposals every municipality should be studying.

J) After hearing Ellen Brown's presentation, perhaps we should consider [The Public Banking](#) movement and the [National Infrastructure Bank](#) movement as party of monetary reform.

Conclusion: This sample reflects many groups who are out there educating the public, forming alliances, and connecting with politicians. Yet despite many successes, we have not repeated the record of Steven Zarlenga or Canada's social credit party. The insights have not gone viral! This quest faces some basic challenges, particularly creating a 'MAGA' slogan out of the complex and mind-bending nature of money. Even the events of 2008 and Covid have not moved the dial much for journalists and politicians.

Part 2. The Significance of Fed's response to the Great Recession and The Covid Crisis.

Economist Joseph Huber has been humbled by the unpredictability of how monetary reform has progressed; perhaps recent crises are part of the path. Bernanke's response to the Great Recession was gradual and reluctant but perhaps it pointed to proof of concept. It was not bank money that saved the banks and bought the toxic assets; it was central bank money. That experience resulted in a much more rapid response to the Covid Crisis. What happened was closer to Wright Patman's 1943 [proposal](#) for 0% government bonds to be bought by the Fed and to be spent directly into the economy.

In Canada almost all the government Covid debt was bought by the Bank of Canada, about a third of it directly. One downside is that the current Bank policy is to pay interest on reserves which reduces the amount of money that goes back to the Federal government.

The Bank of Canada even bought some provincial debt. And much of the Covid expenses which would have been very difficult for a province, was subsidized by the Federal government and therefore also financed by the Bank of Canada.

In sum, what central banks have relearned in the past two crises may improve the chances of monetary reform.

Part 3. Moving forward – How do we reach the masses

1. Education – These groups are making many great efforts around the world. Many have youtube channels.

2. Mastering social media to make this knowledge go viral – what is the secret sauce??

The Flat Earth Society Facebook page has more followers than the successful PM in the UK. Steve Keen has maybe the [best short Economics video](#) ever - in under five minutes he touches on key concepts such as the household fallacy, the deflationary surplus (paradox of thrift and austerity), private debt, money creation, public money for public goods, central bank financing of government, and investing in youth Yet it had only 17,000 views. Positive Money has had videos with up to 250,000 [views](#). But we need millions.

The media can also associate us with other credible sources:

Frank Newman has a very impressive conventional economics [bio](#) yet a very progressive Keynesian perspective. He was former Deputy Secretary of the Treasury, and CFO of the giant firms Wells Fargo and The Bank of America. He wrote two short books which both relate to our cause. In ‘Six Myths That Hold Back America, What America Can Learn From the Growth of China’s Economy’, he says that the China’s success is connected to not being fooled by the Household Fallacy and the Paradox of Thrift. He exposes [The grandchildren fallacy](#) and the [Debt to GDP Fallacy](#) . His analysis addresses the existential threat of climate change, and meeting the rising challenge of China. More importantly in his presentation on his debt book [when asked about creating the money](#) he concluded [yes it could be done](#) .

3. Connect with politicians – donations and volunteering seems to be the only way to get their attention.

4. Protest – [Occupy Wall Street](#) might be the prototype approach. Currently there is an [Occupy the Fed](#) movement . Protesting newsmedia may be a strategy given they have dropped this ball completely.

5. Form connections with the media – write letters to the editors and connect with journalists.

6. Reach out to other kinds of Academics. Law professors are making a huge contribution. Sociologists are another avenue. The Book, The Inner Level, was written by the two sociologists who wrote the best-selling Spirit Level. In trying to address the health problems caused by inequality, they consider economic measures like the land tax and tax fairness and democratic workplace, fair minimum wages, employee ownership and employee board directors and more unions – but they are unaware of the power of monetary reform.

7. Create an interim proposal which the general population could understand and which could go viral. For example Positive Money did well with ‘QE for the people’ (Though I would have preferred ‘Bail out the people’.) In Canada we had at least two such examples during the Covid Crisis:

- Canada Emergency Response Benefit ([CERB](#)) which paid \$2,000 (about \$12.50 per hour) to every applicant who lost their jobs. Think of all the single independent workers whose work was cancelled – plumbers, cleaning ladies, handymen, etcetera. These people would have been doomed without the help which was financed by the Bank of Canada.
- Canada Emergency Wage Subsidy ([CEWS](#)) which provided a [grant](#) of 75% of the pre-crisis salary for each employee, up to an annual salary of \$58,700. This too was financed by the Bank of Canada. It not only was a life saver for employees, it also permitted employers to avoid laying off and losing experienced workers, and to resume operations easily after the crisis was over.

Or we could create a very simple paradigm that politicians could follow and explain to the people. The question is, what should that interim proposal look like. Jeff has what I think is the best way to get our nose in the tent. Jeff will now explain his transition proposal. And before I turn it over, if you wish to take a deeper dive into the links of my speaking notes, they will be

posted on the conference page including some appendices on perpetual bonds and MMT.

Thanks for listening.

Appendix A: Perpetual Bonds or Consols

Positive Money has talked about perpetual bonds:

“...perpetual zero-coupon (i.e. non-interest bearing) bonds that ... would not be considered part of the government debt, since they would have no interest cost or repayment date for the government.”

On page 35 of a 2016 PM [document](#) on the proposed sovereign money system, perpetuals are a key component, “Following a decision by the MPC, the central bank would create new money by crediting the Central Government Account. The newly created money would be ‘backed’ on the central bank’s balance sheet by an equal amount of non-interest bearing perpetual bonds that had been issued by the Treasury specifically for this purpose.”

Joseph Huber said, Government should get its fair share of created money, rather than having to go into debt. He [says sovereign money can be introduced through zero interest consols](#).

The Chicago Plan supporter, economist Michael Kumhof, talked positively [about consols](#) at an AMI conference.

It may well be that the [primary purposes](#) of The American Monetary Reform Act (AMRA) can be accomplished with Huber’s proposal.

Appendix B: Should MMT be included?

Economic Reform Australia also has contributors from MMT such as Hudson, Wray, Kelton, and Mitchell

Hudson has said that the [Chicago Plan should be part of MMT](#) He also said that [the banks should not be able to create money](#)

The Chicago Plan supporter, economist Michael Kumhof, said MMT and Monetary Reformers could [unite on funding the government shortfalls](#) and the two groups should recognize that much of the debate is about [semantics](#).

It is noteworthy that Kumhof also said that CBDC's might be a catalyst to speed up debt free money; he called [digital currency the little cousin of the Chicago Plan](#).