

Monetary History and Policies

This is a topic area in which there are really no short cuts. Even so this format is a very, very limited way to do public education about the intersection of monetary practices and community economics. It is also an extremely limited format to even begin to explain the number and scale of different economic frauds that have been committed against the public interest or toward reversing many of the myths that we were taught as truths about our national integrity, the history of economics, or the practices of democracy.

With respect to monetary frauds, foremost is the Owen Glass Act of 1913 which surrendered the Governmental right to issue currency to a privately owned and controlled corporation named as "The US Federal Reserve." To the extent that the US Federal Reserve has been used as the convention and as a primary means of extracting wealth from communities the same results are magnified. Bad, news? Yes, and for us to move forward as communities, we are facing a rather sharp learning curve.

A deep lack of economic literacy is a primary reason why policies are repeatedly accepted as well-intended economic wisdom with barely any serious skepticism even considering the consistently harmful historical results for ordinary citizens and their communities. Even if politicians are in name elected by the voting public, they seem to have little motivation to truly serve their constituents. Typically, their primary economic concern seems to be limited to assuring themselves that they will have enough campaign funds to be re-elected. For other economic matters they seem to respond more favorably to the "free market" based economic advice provided by their patrons, contrary to the interest of their own

communities.

Local communities are having a great deal of problems, but that doesn't seem enough to cause the hired pundits to reconsider their "free market" cure-all recipes. The promises of economic justice and equal opportunity seem only momentarily fulfilled, and then consistently replaced with harm in the name of "free market" prescriptions.

One primary result of the privatization of the national right to issue public currency has been that the second largest item in the Federal Annual budget is the service payments accrued on the national debt. Another result is that we are influenced to produce reasons for international military intervention and intimidation so that we will become deeper in debt. In a situation of international political tension and aggression, the only real winner will be the banking interests that finance both sides.

Over the history of our nation we have moved from the Declaration of Independence of 1776 in which a primary reason for that declaration was the objection to needless foreign wars and endless taxation on the public to pay for those wars. Presently the US has by far the largest military in the world and invested in dominating and intimidating anyone who objects to the priorities of nominally American business interests. In short it has become an empire much like the one from which it once declared independence. Declarations of patriotism, democracy, and human rights have been used cynically to promote results which are entirely opposite by their results.

Time and time again strategic subsidies are used to generate profits for corporations which are justified to local communities as a way of providing needed jobs. Rarely is there any accountability required with respect to the net

cost or benefit to these communities.

Somewhere along the way there are a few hard scrabble income jobs for ordinary people. but be assured that the profits from corporate investments and generated by the centralized banking industry are much larger. Meanwhile the economic needs of local communities are basically ignored except as an after thought to justify what is a profound waste of resources.

Community Economics and Community Trading Systems

Strategies for improving community economics begin with rejecting "free market" based principles,. Any meaningful definition of "free" has to include the demand that markets behave in a fair and open manner which will allow community priorities to be favored over centralized and extractive economics. Another tool is intelligent economic development that serves their communities in more specific and accountable ways than simply as a process of corporate and political payoffs.

Community currencies are another area of possible intervention. With regard to first generation varieties of community currencies, they were and are "never knowingly under promoted." The point here is that the actual impact of these systems have been substantially lower than the expectations or needs.

Further promoting community currencies as "complementary" elements of community economics activist tool box in effect hard wires them into the existing monetary assumptions and practices. This approach seems to be willingly ignorant of the need for basic reform of the centralized monetary institutions as a primary source of odious tax burden and the draining of wealth from our communities.

If community currencies were actually

designed to be adequate responses to our community monetary and economic problems, then they might be expected to be more than marginal. If these community monetary systems were knowledgeably designed, we might expect that the designers would be familiar with monetary history and the actual effects of current monetary policy. Instead, what we are offered is way too much like pop-economics and pop-monetary theory, even relative to the "free market" theology currently substituting for responsible economic policies. Even in this context the problem is economic and monetary literacy, and there is no easy or quick substitute.

Looking at the US population and the current stock of common knowledge on monetary issues, again we are led back to admitting the low general level of economic and monetary literacy and two requirements. One is that the design of a strategy to change the dynamic of community economics begin from the general level of familiarity with monetary issues. From this it follows that there should be an ongoing educational program. Second, it follows that the system should start at as simple a level as possible. It follows that the eventual system should reflect an exchange environment as much like what a monetary environment would be if the national monetary policies and institutions were reformed according to priorities which were supportive of general community prosperity.

Instead of beginning from a literal currency type of system it seems like the same goals can be accomplished through a community exchange system with dollars, or hours, or bartered trades including commodities and services.

Using US Dollars as the initial primary currency solves at least two problems. One is that for tax purposes all community currencies

must be denominated in dollars so that they can be taxed as income. When community currencies are accepted as the basis of paying taxes they will be more widely accepted.

Second, beginning from an exchange form which is familiar it seems like a good way to introduce people to different ways to exchange goods and services. The best informed definition of money is that it is a social institution used to facilitate exchanges and it is not a commodity in itself. Prices for goods and services is a relative measure of the costs of production, supply, demand, and the amount of currency in circulation.

There are several reasons to consider a community exchange as an alternative strategy to retain wealth within local communities and to relocalize local economies. Localized economies have the capacity to insulate local communities from systemic shocks resulting from economic and monetary policies favoring interests other than community economies. This includes the negative impacts of the US trade deficit and the excessive printing of US currency as a reserve by fiat and by military strength, and the inflationary effects of the peaking of fossil fuel production and consumption.

Economic historians suggest that the prime reasons for the difficulties experienced during the Great Depression was the collapse of the speculative economy and a shortage of currency, which are opposite sides of the same coin. This is a direct result of a reliance upon a debt based monetary process. In effect this was a predictable outcome of a centralized and privatized monetary system.

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Re-Imagining Economics