One Page Summary

THE MONEY-SOVEREIGNTY RECOVERY ACT

Currently, and contrary to popular beliefs, it is the private financial sector—through lending—and not the Fed, which creates most of the money circulating in the US. This little understood privilege granted to financial firms was, for almost three centuries, good and necessary to promote economic growth. However, the private creation of money has two fatal drawbacks: one, it is unconstitutional; and two, it is a flawed system.

New advances in monetary economics (see Appendix 1) and the change to a fiat money regime (by President Nixon in 1971) have now rendered unnecessary the private creation of money.

Purposes 1 thru 6 of this Bill, as expressed in the corresponding Titles, are to prohibit the creation of US-money by private firms; to control the flow of US-money abroad; to use the money creation power of government to retire the national debt and to provide a secure means of savings for the people; and to fund public investment. Purpose 3 is to distribute, between Federal and State governments, the sizeable new Fed's earnings from the Fed-loans to the private financial system (those new earnings will amount, in normal times, to over $1 trillion per year). Government debt, Federal and State's, will be retired in two stages: The first stage consists in the Fed purchasing all government securities (relieving government of the interest payments); during the second stage, which can take several decades, governments will amortize the debt with relatively small annual payments to the Fed. Purpose 7 will reverse the dangerous imbalance in our foreign trade, may also help to balance world trade and hence contribute to the economic development of poor countries.

The main purpose in Additional Provisions, Title VIII, is to provide government with a set of standard economics principles, to guide any future legislation where understanding of the economy is crucial.

Brief Description of the Bill

The Bill contains six main purposes and associated provisions.

MAIN PURPOSES:

- To restore the sole authority of the federal government to create and regulate money;
- To regulate the flow of US currency abroad;
- To provide for a substantial increase in non-tax revenues for Federal and State governments.
- To provide for public investment;
- To retire public debt; and to provide for a savings vehicle to the people;
- To balance the United States' foreign trade;
- To make any other provisions related to this Act.

IMPORTANT PROVISIONS:

- Elimination of all private participation in the Fed;
- Establishment of a 100% reserve requirement on all deposits (liabilities) in any lending financial firms;
- Prohibition on lending out of private funds; all private loans shall be made with funds borrowed from the Fed;
- Prohibition on any foreign firm, licensed in the US, to take any deposit and to lend in US currency;
- Creation of the United States International Reserve Bank (USIRB), to control the flow of US currency abroad;
- Authorizing the Fed to distribute one fourth of its annual earnings among the Fifty States;
- Authorizing the Fed to create the Fed-Savings Certificate.
- Authorizing the Fed to provide interest free loans to federal and state government;
- Authorizing the Commerce Department to create a especial tariff, to be called Country Specific Tariff (CST), to balance the US trade;
- The application of a 1% temporary tax on financial assets above $1 million.
- The application of a 1% permanent tax on financial transactions that take place in the US.
- The creation of a scientific commission, charged with elaborating a set of standard economics definitions and principles, to serve as basis for future legislation.