

## **ALL Our Fiscal Problems Can Be Solved FOR GOOD, with NO Tax Raises, Spending Cuts, or 'Sequester,' Says Denver Economist**

**By the simple exercise of its constitutional power to create money, exclusively, government could increase its revenues and decrease its interests spending by a total near \$2 trillion per year. Currently, this power is being usurped by the private financial system that has created almost the entire stock of money that circulates in our economy—around \$50 trillion. There are no plausible excuses anymore to delay our government's recovery of its money creating constitutional power.**

DENVER, CO, Feb. 27, 2013 — There is rising concern in the country about the possible effects of the 'sequester'—the impending across-the-board spending cuts. The amount of money at stake—about \$85 billion—is such a tiny sum compared to the almost \$2 trillion that the government could get annually, by the simple exercise of its constitutional power, that the whole political infighting about the 'sequester' seems an outlandish, bizarre, and surreal occurrence.

**J. Moromisato**, director of the Reformed Economics Institute in Denver, claims that his proposed Money-Sovereignty Recovery (MSR) Act, if enacted, would have the following effects: balance our fiscal budget; allow the Federal Reserve to purchase the entire public debt of the nation (over \$20 trillion)—eliminating the debt interest burden (about \$400 billion per year); create a substantial new source of non-tax revenue for government (over \$1 trillion per year); authorize the Fed to lend investment funds, at zero interest, to federal and state governments; and several others of similar importance.

The central purpose of the MSR Act is to recover what President Lincoln once called the "Supreme Power" of government: the power to create and control the money of the land. Currently, this power is being usurped by the private financial system. So far, that financial system has created almost the entire stock of money that circulates in our economy—around \$50 trillion. In contrast, the Fed, since 1913, has created only about \$1 trillion in paper money, of which less than half circulates within the U.S.

But, if recovering the power to create money is so advantageous for government, why has it not been done already? Until now, there were two main reasons for this neglect: the first was the restriction on the Fed's direct lending to the government, put in place when the world was still on the gold standard; and the second was ignorance on the part of most economists about how money is actually created. The gold standard was abandoned in the U.S., and elsewhere, by order of President Nixon in 1971; and new advances in monetary economics (e.g., J. Moromisato, "The Coming Age of Freed Money," 2010) have shed light on the money creation process. There are no plausible excuses anymore to delay our government's recovery of its constitutional power to be the sole creator and controller of the flow of money that sustains our economy.

The ideas at the heart of the MSR Act proposal are not really new; several of the U.S. presidents had strong convictions about them, for example:

*"The Government should create, issue, and circulate all the currency and credits needed to satisfy the spending power of the Government and the buying power of consumers...."*

*The privilege of creating and issuing money is not only the supreme prerogative of government, but, it is the government's greatest creative opportunity.*” - **Abraham Lincoln**.

Balancing the fiscal budget, paying off our public debt, and creating a source of public investment funds, with zero interest, are only a few of the expected effects of the proposed MSR Act. A full analysis of the expected economic impact, as well as the complete text of the Bill, can be found on the Reformed Economics Institute's website, **REIdenver.org**.

One should expect powerful forces, representing entrenched interests, to oppose with all their might, even any movement towards consideration of the MSR Act proposal; only the unified support by a majority of the People may be able to counter such powerful opposition. One way to achieve such unity of purpose is rather simple: it is for every reader of this article to encourage relatives, friends, and acquaintances to propagate its contents and send copies of the text of the MSR Act proposal to his or her congressional representatives and governor, and also to the president, urging them to enact it ASAP.

Much is at stake. Focus, patience, and persistence may be powerful weapons.

About Us: J. Moromisato, Ph. D., M.A., is the author of “The Origin of Wealth and Poverty” (2007), where he proposed a new approach to economics; “The Coming Age of Freed Money” (2010); “The Denver Plan to End Unemployment” (2010); “100 Theses for the Reformation of Economics” (2011); and “The Money-Sovereignty Recovery Act, A Bill Proposal” (2013).

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