

PARITY ECONOMICS AND MONETARY REFORM

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How can Parity Economics be incorporated into monetary reform as presented by the American Monetary Institute (AMI) and the National Emergency Employment Defense (NEED) Act?

1. The AMI endorses three no-compromise reforms.¹
 - Nationalize the monetary system, bringing the existing Federal Reserve system under the United States Treasury Department.
 - End the power of private banks to create or issue any United States money.
 - Authorize the Treasury to issue all United States money.
2. The NEED Act² outlines several specific reforms.
 - Incorporate the Federal Reserve into the Treasury.
 - Establish a Monetary Authority within the Treasury, charged with determining the money supply needed to exchange actual goods and services while allowing for growth, to serve the policy goals of maximum employment, stable prices and moderate long-term interest rates.
 - Prohibit fractional reserve banking.
 - Establish a Revolving Account, upon transition, to receive payment of and recirculate money from existing bank loans.
 - Publish Monetary Authority forecasts and evaluations of results.
3. Parity Economics in raw materials production requires three policies.³
 - Stabilize agricultural commodity prices (as operative during the 1942-52 period) using a valid balanced historical base period, via 90% parity non-recourse commodity loans which are callable at 100% parity in the markets.
 - Levy parity tariffs on all imports, the sole purpose of which is to adjust foreign currency purchasing power to domestic purchasing power via import duties.
 - Reduce federal credit injections in direct correspondence with increased earnings derived from the two policies above.

RECOMMENDATION: Parity policies (#3) can be incorporated into the NEED Act (#2) by adding specific language to its policy goals (Sec. 302(a)(5)), or by reference to the National Economic Stability Act.⁴

¹ See <https://www.monetary.org> and *The Lost Science of Money*, Zarlenga, S.

² Refer to NEED_BILLS-112hr2990ih.pdf, e.g.:
<https://www.congress.gov/112/bills/hr2990/BILLS-112hr2990ih.pdf>

³ Current statute: 7 USC §602

⁴ <http://normeconomics.org/Nesannc.pdf>

BENEFITS

Historical results of Parity reforms include:

- Regulation of dollar monetary value to 100¢, on a continuing basis, for every sector of National Income.⁵
- Creation of economic balance by making public/private capital accumulation and national solvency possible. Solvency is based on *earnings*, through monetization of new wealth production, instead of on borrowings (credit or finance).
- Protection of domestic purchasing power from foreign currency manipulation, by import tariffs on a continuing basis, which maximizes ability to buy from foreign sources while allowing foreign purchases of domestic products through equitable trade settlement accounts.

Additional benefits are likely:

- Opening paths to wider, more equitable distribution of wealth throughout society – “bubble up” instead of “trickle down.”
- Elimination of political domination by credit mongers and financial speculators, returning political processes to public control.
- Reduction of US government propensity for meddling in other nations’ internal affairs.
- Possible establishment of a world reference standard for stabilizing raw materials commodity prices in terms of US dollars.

FOR MUTUAL CONSIDERATION

Melding Parity Economics with NEED Act monetary reforms appears to be a matter of incorporating existing agricultural parity policies into the basic statutory toolkit of the Monetary Authority or Department of the Treasury. Thereby, a reliable and quantifiable method for income distribution is established at the base of our production economy.

All other aspects of our diverse, complex economic operations as a nation are founded on that base. We all depend on the well-being of those who provide for our basic human needs; that dependence is the very first responsibility of any social organization.

Services, governance, finance, and research all rely on healthy, educated, skillful citizens whose efforts in support of themselves and their communities are amply compensated. Each of us must be well fed, housed, clothed and nurtured as well as educated, usually for around two decades before we begin to make useful contributions. These are the areas of our society that historically have received the lowest respect, remuneration and support as a matter of public practice and policy. We must remedy these disparities before our nation, as a democratic republic, can take its place as a responsible global leader in a world *without* false money enforced through superior violence, measured in bullets, bombs and blood.

⁵ National Income is defined as the sum of (i) wages, salaries, supplements, (ii) net interest, (iii) corporate income before taxes, (iv) unincorporated business income, (v) rental income, (vi) agricultural income. All sectors are accounted on a “net” basis (no duplication). Conceptually, each one’s expense is another’s income.