

# Public Banking Avoids Today's Debacle

By [Stephen Lendman](#)

Global Research, October 04, 2013

Region: [USA](#)

Theme: [Global Economy](#)

Putting money back in public hands where it belongs would avoid what's now ongoing. It's an idea whose time has come.

It's how to run America's economy. It's about doing it responsibly. It's been done before. It's high time things worked that way again.

Money power in private hands doesn't work. The Fed's been looting America for a century. It bears full responsibility for today's crisis. Its deplorable record explains why. It includes:

- rising consumer debt;
- record budget and trade deficits;
- an out-of-control national debt;
- record numbers of personal and business bankruptcies;
- millions of home foreclosures;
- depression level unemployment, poverty, homelessness and hunger;
- an unprecedented wealth gap between rich elites and ordinary Americans; and
- a hugely unstable economy lurching from one crisis to another.

A 1913 dollar today isn't worth a plug nickel. At best it's about two or three cents. Wall Street planned it that way. It profits at the expense of ordinary Americans. It's high time that changed.

At one time, dollar value was defined as 1/20th of an ounce of gold or about an ounce of silver.

Spot gold today sells for over \$1,300 an ounce. Spot silver is about \$21.50. Analysts expect much higher prices.

Current dollar value is based solely on America's good faith, credit, and ability to honor its debt obligations. It's true value represents the world's waning confidence in a dysfunctional system.

It's for good reason. Self-serving politicians squabble for political advantage. They do so at the expense of ordinary Americans.

They don't give a damn how much suffering they cause. They're unwilling to govern responsibly for the good of the country.

Money power in public hands could help change things. Debt ceilings could be a thing of the past. Budgets could be simply funded.

America no longer would have to pay interest on its own money. It could create as much as needed interest-free.

Ellen Brown heads the [Public Banking Institute](#). Her book titled "[Web of Debt](#)" explains the "shocking truth" about America's privately controlled money system.

Her new book is titled "[The Public Bank Solution: From Austerity to Prosperity](#)."

It's a brilliant analysis of privatized banking. It explains how it usurped money creation power, how we can get it back, and much more.

Money power in private hands assures speculation, booms, busts, inflation, deflation, instability, crises, recessions, depressions, deprivation, despair, out-of-control debt, squabbles over whether to raise its limit, budget battles, and much more.

Public banks works as intended. Inflation-free sustained growth and prosperity follow. It's a "practical, proven approach," Brown explains.

It works the same way everywhere. It worked in 18th and 19th century America.

History reflects it worldwide. It's the antidote to corrupted, dysfunctional privatized banking. It helps neutralize self-serving politicians.

Imagine the possibilities:

- federal, state and local debt could be substantially reduced or eliminated;
- so could federal, state and local personal taxes;
- America no longer would have to pay interest on its own money;
- it's manufacturing base could be rebuilt;
- healthcare, education, and other social programs could be funded inflation-free;
- vital infrastructure projects could be undertaken on a scale never before imagined;
- large-scale environment cleanup would be possible;
- so would alternate, sustainable, clean, safe, affordable energy development;

- millions of new full-time/good-paying jobs could be created;
- unemployment for everyone able and willing work could end;
- so would foreclosures;
- affordable home ownership for millions more Americans would be possible;
- mortgages would be plentiful, cheap, and easily obtainable; they wouldn't be designed to scam the unwary;
- booms and busts would end;
- so would destructive currency devaluations and economic warfare for private gain;
- personal pensions, savings, and investments would be secure;
- Social Security, Medicare, Medicaid, and other vital social protections would be safeguarded in perpetuity;
- Washington, America's 50 states, and local communities could produce comfortable surpluses; and
- overall sustained prosperity would provide everyone affordable or free healthcare, education, and other essential social services.

It's not pie in the sky. Colonial America worked that way. It prospered inflation-free. It did so for 25 years. It did it with no taxation. It did it without paying interest to bankers.

Publicly controlled money works as intended. In "[The Public Bank Solution](#)," Brown writes:

"We have entered a millennium that is ripe with possibility."

"New discoveries in agricultural production, water desalination, energy from non-oil sources, waste conversion, and much more are in the wings just waiting to be developed."

"We have the manpower, the materials, the science and the intelligence to create prosperity for all."

"Yet the world in which we find ourselves is one of austerity, mounting unsustainable debt, growing poverty and want. Why?"

Money power in private hands bears full responsibility. Political Washington permits it. Brown calls American banking "a tourniquet on production."

It's a "parasite draining (America's) resources away."

Wall Street caused today's crisis. It continues festering out-of-control.

Major banks got bailed out. Ordinary Americans were sold out. That's how privatized banking works.

It doesn't serve business, industry or societal needs, Brown explains. It's self-serving for "private advantage."

Wall Street crooks "turn credit on and off at will, direct it to their cronies, or use it for their own speculative ventures; and they collect the interest as middlemen."

It's no small amount. It's about one-third the cost of everything we buy.

"(T)he ability to create money - as - credit ex nihilo (out of nothing), backed by the 'full faith and credit' of the government and the people, is properly a public function."

Proceeds for doing so should accrue to us. "The virtues of an expandable credit system can be retained while avoiding (privatized banking's) parasitic exploitation."

Public banks operate as intended. They serve everyone equitably. They do so "because they are owned by the people," Brown explains.

Public banking isn't about government ownership of property. It's about "government oversight" of credits and debits.

They "undergird a functioning economy." They assure it operates as intended. They guarantee everyone benefits equitably. They prevent what's now ongoing.

"By making banking a public utility, with expandable credit issued by banks that are owned by the people, the financial system can be made to serve the people rather than people serving the banks," Brown explains.

"Credit flow can be released so that industry and free enterprise can thrive, and the economy can reach its full potential."

Wall Street games the system. It does so for self-serving reasons. Speculation and debt needs more of it to prosper.

It's a losing game. The greater the excess, the harsher the eventual day of reckoning. Monied interests head America toward banana republic status.

It's already a kleptocracy. It's run by criminal gangs. They pose as political parties.

They conspire with Wall Street and other corporate favorites. They're looting America in the process. They're wrecking it for personal gain.

They're destroying personal freedoms. They're heading the nation toward tyranny and ruin. They're thirdworldizing it. They're turning it into a dystopian backwater.

Money power in public hands can go a long way toward changing things. Public banks don't have to earn profits. They're not beholden to Wall Street or shareholders.

Government creditworthiness alone would matter. Interest-free publicly created money in

any amount needed assures it.

So is price stability as long as new money produces goods and services proportionally to demand.

Privatized banking assures out-of-control indebtedness. America is Exhibit A.

Living standards today are eroding. Middle class society is disappearing. A permanent underclass is increasing.

Things don't have to be this way. Money power in public hands creates enormous opportunities. Everywhere it's been tried for centuries it works.

It does so today in China, Germany, Venezuela, Taiwan and other countries. It does in North Dakota. It's America's only public banking state.

In 1919, the Bank of North Dakota (BND) was established. Its deposits "are guaranteed by the full faith and credit of the State of North Dakota."

It's been trustworthy for nearly 95 years. Sound money practices deserve full credit. North Dakota has the nation's lowest unemployment rate.

Its record includes large budget surpluses. Its economy continues to grow. Jobs are created, not lost.

BND is a responsible credit machine. It helps agriculture, commerce and industry. It does so effectively. It does what no other state can match.

It's because they're exploited by parasitic private banks. They're consuming their hosts. They're destroying America. They're sucking it dry. They're doing so it for their own self-interest.

Money power in private hands crowds out life sustaining systems. Predatory finance needs money to make more of it. Societal decay results. Debt multiplication is a slippery slope to self-destruction.

An eventual day of reckoning looms. Today's budget/debt debacle is a taste of what's coming. Predatory capitalism is carcinogenic.

It destroys species. It endangers life-systems. It creates intolerable levels of poverty, inequality and human misery.

It benefits the few at the expense of most others. It's a cancer destroying its host. It doesn't have to be this way.

Public banks more than ever are needed. They help run economies responsibly. Doing so assures sustainable growth. Everyone benefits equitably.

Banking, money and credit aren't market goods, explains Brown. They're "economic infrastructure."

Cheap available financing is essential for economic growth. Public banks make commerce, industry and agriculture more viable, stable, and sustainable.

It's worked as intended for centuries. It did so in 18th and 19th century America. Lincoln created money interest free. What followed turned the nation into an industrial giant.

What succeeded everywhere can repeat in today's America. It's by putting money power back in public hands where it belongs. It's an idea whose time has come.

It's government serving everyone equitably. Besides peace, good will, stability and security, what better idea than that!

*Stephen Lendman lives in Chicago. He can be reached at [lendmanstephen@sbcglobal.net](mailto:lendmanstephen@sbcglobal.net).*

*His new book is titled "Banker Occupation: Waging Financial War on Humanity."*

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Articles by: [Stephen Lendman](#)

#### About the author:

Stephen Lendman lives in Chicago. He can be reached at [lendmanstephen@sbcglobal.net](mailto:lendmanstephen@sbcglobal.net). His new book as editor and contributor is titled "Flashpoint in Ukraine: US Drive for Hegemony Risks WW III."

<http://www.claritypress.com/LendmanIII.html> Visit his blog site at [sjlendman.blogspot.com](http://sjlendman.blogspot.com). Listen to cutting-edge discussions with distinguished guests on the Progressive Radio News Hour on the Progressive Radio Network. It airs three times weekly: live on Sundays at 1PM Central time plus two prerecorded archived programs.

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