Congress can authorize a 3% low- interest rate credit card financed by the Federal Reserve System and also refinance student loans at these lower interest rates

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On Sept 24, 2008. when the Federal Reserve Board, under Chairman Ben Bernanke, authorized the New York Federal Reserve Bank to loan AIG $85 billion dollars as a two year loan; it was the first of several more bailouts to come. The Federal Reserve Banks do not use taxpayer money when they make these loans; they just write a check and create the money as a bookkeeping entry deposit in the hard drive of their computers. By the time Ben Bernanke retired as Chairman of the Federal Reserve Board on Jan 31, 2014, the "Fed" had purchased over 4 trillion dollars worth of bonds and securities from the federal government with money which the Fed created.

According to CNN bailout tracker, the Federal Reserve has invested trillions of dollars to help prevent big banks and corporations from going under including AIG, Citigroup, Bank of America, Bear Stearns, mortgage backed securities from Freddie and Fannie MAC, corporate securities and many more. While the people on Wall St got their bailout, the people on Main St did not, especially home owners, home buyers, and small businesses.

Checkbook (electronic) money created by the Federal Reserve creates a windfall of new revenue for the Federal Government

In December of each year, the Federal Reserve sends a check to the U.S. Treasury for about $100 Billion dollars, which represents the interest paid on the bonds and securities purchased by the Federal Reserve Banks. The interest collected by the Fed on the bonds and securities they hold is thus returned to the U.S. Treasury effectively reducing the interest paid on these bonds to near zero percent. This is a windfall for the federal government currently worth over one hundred billion dollars annually.

This windfall (new revenue) to the U.S. Treasury, resulting from the Fed policy of "quantitative easing," started by Fed Chairman Ben Bernanke, has reduced the federal deficit by over 50% in the past year.Bernanke and his cohorts on the Federal Reserve Board have saved present and future generations hundreds of billions in future interest rate obligations.

[Wall Street banks oppose the Fed policy of quantitative easing (purchasing gov't bonds) as it reduces their portfolio of the U.S. bonds they hold and thus reduces the interest income they collect from the federal government (taxpayers). Pleasing the Wall St bankers by eliminating the Fed's purchases of government bonds only adds to the national debt and taxpayer burdens. It is in the people's interest for the Federal Government to issue not only coins and currency, but "checkbook money" as well which is the bulk of funds we use as money.]

Newly Minted Coins as a Source of Debt-Free Money

Newly minted coins enter circulation as "debt-free money." When coins are minted, they are directly deposited into the federal governments checking account at the Federal Reserve Banks. The Federal Government gets a bookkeeping entry credit in their checking account for the coins they just deposited. The Federal Reserve Banks then distribute the coins to local banks per their demand.

The Federal Government will spend the credit added to their checking account and the newly minted coins will circulate and increase the money supply by the same amount. Thus, the money supply is doubled as both the coins and the digital deposits in the government's checking account are both spent as "money." Yet the only "legal tender" money in circulation today is "coins and currency."

Coins are not the only source of debt-free money. United States Notes printed by Pres. Abraham Lincoln during the Civul War entered circulation as a debt-free and interest-free money and remain in limited circulation to this day as fiat

currency. Likewise, gold and silver sertificates backed by gold and silver coins also enter circulation as an interest free medium of exchange. They circulate as long as the intrinsic value of the metal in the coins is less than the face (legal tender) value of the coins or notes.

Under federal law, only legal tender money may be used to pay debts, both public and private. In reality, "digital money" (checks, money orders, credit and debit cards, electronic funds transfers) are used to pay 90 to 95% of all debts, both public and private.

[Digital money is neither lawful nor legal tender - its acceptance is based entirely on faith and trust in the redemption of the negotiable instruments for real money. Checks and electronic money are also supposed to be convertable into cash 100% of the time. In fact, under fractional reserve banking, about 95% of banker's digital bookkeeping money is not convertable into cash on demand]

The Economy as a "House of Cards" using "Interest-bearing Debt"

Money in the form of credit from private banks enters circulation as an interest bearing debt that must be repaid. Thus, most of the economy of the United States is based on "interest bearing debt" meaning that the economy is a "house of cards" that must always be propped up with new loans as the old loans are repaid; otherwise, the entire economy will crash.

Federal Reserve Banks buy currency for the cost of printing

Federal Reserve Banks obtain currency need by member banks from the Bureau of Mint and Engraving. The Fed buys currency at the cost of printing. The Fed purchases this currency when the public's demand for cash increases. Under fractional reserve banking, the Fed and private banks keep less than 5% of book entry deposits as cash (coins and currency). This is because the public has confidence in the banks and trusts that the cash will be there when they need to make a withdrawal. In reality, most people spend "cashless money" in the form of checks, debit and credit cards (plastic money).

Banking is a barter system with only 5% solvency. Banks don't lend money (cash) only promises to pay money (checks)

Most private barter systems, like the banks themselves, are also based on a cashless digital (bookkeeping system) where numbers are entered in ledgers that credit a customer's account. These digital entries are called "dollars." While the banking system in the United States is more than 95% cashless. Federal Reserve Notes and coins represent less than 5% of what we use as money. Consumers who never carry cash on them and use checks, debit or credit cards are already in a cashless. system. This works unless a "panic" sets in and people line up to withdraw their cash from the bank.

The Solution - low interest loans for everyone

Congress can direct the Federal Reserve Banks to provide long term funds for credit cards at a wholesale rate of 1% APR to local banks and credit unions. Local Credit Unions and banks would then charge no more than 3% APR to the public for the use of these credit cards. The amount of credit made available would be subject to the ability of the individual to pay it back and within realistic credit limits.

Inflation can still be easily controlled

If inflation results from too much credit, it could easily be reversed by restricting the amount of credit made available without increasing the interest rates. In the same way, the Federal Reserve can restrict the money supply by increasing the reserve requirements of the banks without raising interest rates. At an interest rate of 3%, people can make purchases and still see the light at the end of their financial tunnel.

These proposals were written by Conrad LeBeau 2003 S. 96th St, West Allis WI 53227 and are posted online at keephopealive.org/forum. Read, reprint and send them to our leaders (Presidential cancdiates, Pres. Obama, Senators and Reps) in Washington DC. Pray that someone reads and understands it all.