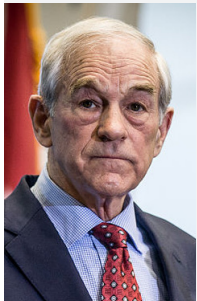




Fight the Depression with Credit Stimulus | againstausterity.org

The historical record is clear – a nation can't cut or print its way out of a depression. We need **30+ million new, union-wage jobs in physical production**: infrastructure, industry, agriculture and Main Street. The Federal Reserve System must be seized, nationalized, and used to finance a recovery program for the United States. Read the full program at againstausterity.org

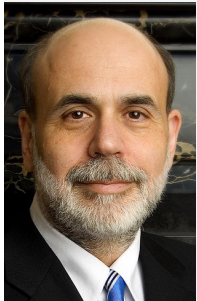
× DEFLATION (AUSTERITY)



During the Great Depression, US Treasury Secretary Andrew Mellon advised President Hoover to “liquidate labor, liquidate stocks, liquidate farmers, liquidate real estate... it will purge the rottenness out of the system.” This is the advice of many Republicans, especially free market fundamentalists like Ron Paul (left).

Why it doesn't work. When put into practice, as in 1930s Germany under Heinrich Brüning, deflation and austerity predictably unleash a death spiral of unemployment, debt and misery, clearing a path for emergency rule and fascism.

× HOT MONEY (MONETARY STIMULUS, QE, BAILOUTS)



Fed purchases of distressed assets from banks, as in the case of the 2008 bailout or the rounds of “Quantitative Easing,” are ostensibly meant to re-capitalize those banks so they can make business and consumer loans.

Why it doesn't work. The Fed has greatly increased the burden on the real economy by giving Wall Street gamblers more funny money to play with. These trillions in new capital, purchased at taxpayer expense, don't go to lending, but to derivatives and other parasitical financial instruments.

× FISCAL STIMULUS (KEYNESIANISM)



Fiscal stimulus, such as the 2009 American Recovery and Reinvestment Act, can have positive effects. Keynesians like Paul Krugman (left) are well-intentioned in their advice to use Federal spending on infrastructure and job creation.

Why it doesn't work. Our problems are too large for the Federal budget. The needs of existing infrastructure repairs alone measure in the trillions. Modest stimulus like that of 2009 are inadequate, and adding trillions to current spending will open the dollar to speculative attack by Wall Street and London.

★ CREDIT STIMULUS (FEDERAL LENDING)

A sustained economic recovery requires a source of credit which cannot be the zombie banks and which should not be the federal budget, given the urgent competing claims on the resources of the US Treasury.

The obvious source of financing for an economic recovery is the Federal Reserve System. In the 2008 financial panic, the Fed made available approximately \$27 trillion in credit. But only financial institutions were eligible for these loans. These policies have failed to create a recovery. It is now time for the Fed to stop serving the banks, and to return to the proud tradition of serving the needs of the US economy as a whole.



Infrastructure: The “Defibrillator” of an Economic Recovery

Either through law or political pressure, the Federal Reserve must be forced to put out a tender offer to states and regional authorities like the New York-New Jersey Port Authority stating the Fed's willingness to buy an initial \$1 trillion of state bonds with the proceeds devoted exclusively to rebuilding the infrastructure of the United States - from road to rail, power production to schools. These must be **Century Bonds**, with 100 year maturities and the coupon rate must be set at 0%. Once the first tranche of \$1 trillion is expended, another tranche should be offered, until the point at which full employment is reached.

Restart Physical Production

Alexander Hamilton showed that a funded national debt, provided it is not excessive, is a national blessing. Federal Lending must be denied to zombie banks, and reserved exclusively for America's industries, family farms and Main Streets. Physical production creates its own collateral, employs skilled labor, and increases the value of the workforce and the real economy. As history shows, only a **National Bank**, working in the interests of that nation, has the power to end an economic depression and restore a full employment, high wage, production-based economy.