

Two Types of Banks

There are many types of banks but from a system's perspective there are two important types, they are; *banks of issue* and *banks of deposit*. The difference is quite simple, one creates money out of nothing to lend for profit and the other only lends what it has on deposit. Banks of issue practice what is known as 'fractional reserve banking' where many times the amount of money can be created than is held on deposit. This is how the banks in the Federal Reserve System operate. In ancient times such practice was condemned by religions and philosophers as usury, the abuse of monetary authority for personal gain. We feel these are important distinctions.



Bank of North Dakota

The Bank of North Dakota, (BND) is the nation's only state public bank and is a **bank of deposit**. It uses existing state monies to provide reserves for local commercial and community banks for public purpose projects as well as to help those banks lend at a lower rate to the communities they serve.

So let's recap shall we?



Private bankers create debt/
money out of thin air and
humans destroy each other
and the planet in order to
repay them???

**Time to create a
Public Money System!**

The BMRC hopes this will help clarify and further our understanding of Public Banking and Monetary Reform proposed by the Green Party of the United States. If you have any questions, please contact us.

GREEN PARTY
BANKING AND MONETARY REFORM
COMMITTEE

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GREEN PARTY US PUBLIC BANKING



How does Public Banking relate to Greening the Dollar?

Ellen Brown of the Public Banking Institute (PBI) has often noted that allowing government to create and issue the money is the simplest solution to the problem and the BMRC intends to keep our eyes on that prize.

Greens also support states and municipalities pursuing **public banking** to better utilize existing money to serve the public's interest and smooth the way for greater financial reform.

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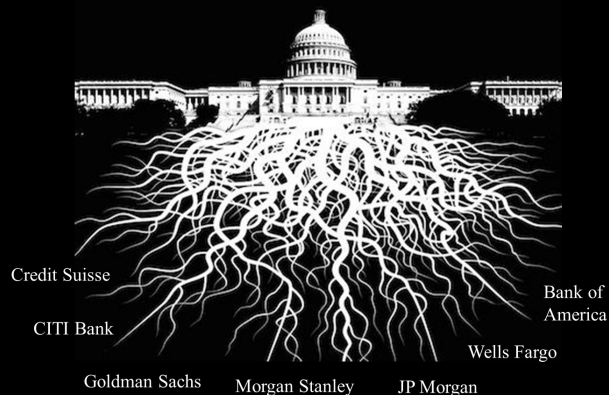
Green Public Banking

One of three necessary changes to create a **Public Money System**, as called for in the Green Party Platform, is to end the money creation role of the private Federal Reserve System (the Fed). Greens support proposed public banks of deposit like the Bank of North Dakota (BND) which is disconnected from the policies and practices of the Wall Street banks that own the Fed."

Current Public Bank initiatives are not created equal, though. Creating public banks of issue would strengthen the current private system, which has been wildly successful at extracting wealth from all the natural world and concentrating it under the control of an elite, empowering them to run the world.

The BMRC is working to formalize this important distinction in the GPUS Platform language.

The Roots of the Problem



U.S. Public Banking

Today there is only one state bank, the Bank of North Dakota. However, recently there have been public banking proposals in several states and municipalities. As proposals continue to be made let's take a look at the potential benefits of a state public bank – using the BND model.

The 2018 BND annual report showed the bank's Net Income of \$158 million, and BND's Equity position was reported as \$852 Million. This derives an estimated Return on Equity of 18.5 Percent for 2018 a pretty outstanding result.

The BND started by selling \$20 million in bonds, then by depositing state revenues along with loan repayments going into its revolving fund. The BND banking model **has worked for over 100 years** for North Dakota, so why not in California, Texas or Vermont?

Unfortunately for those seeking financial reforms, many of the current proposals are somewhat unclear as to what type of bank is being proposed.

In 2011 a State Banking Bill based on PBI's "issuing bank" model was introduced in Vermont's legislature. Over about a six year period, similar Bills were re-introduced in each Biennial legislative session, openly discussed, and then either tabled or ignored. Opponents of these Bills say this is because Vermont already has an existing network of public financing options for achieving all their economic development goals - so that another state bank was viewed as redundant.

Meanwhile Dee Berry and Ben Kjelsus were getting the GPUS to adopt Greening-the-Dollar, a Public Money plank in our Platform. Thanks, Dee and Ben.

Why Money Reform Trumps Public Banking: the Local \$\$ Benefits Sooner than Later

The NEED Act – a Bill twice entered into Congress by Dennis Kucinich - contains the essential Public Money reforms that comprise the GPUS Greening the Dollar program. The NEED Act also includes a provision that the federal government **WILL SHARE** the income derived from Public Money administration directly with the states - so that 25 percent of all new money, and the economic gains from that new money being publicly issued, goes **DIRECTLY** to the states for their chosen investments and betterment. (See the BMRC Handout on The NEED Act).

Based on today's \$18.5 Trillion economy - and a steady 2.5 percent level of growth in economic activity - that benefit-sharing would involve about **\$125 Billion** in annual GDP-sharing directly between our federal government and our States.

Based on per-capita money distributions, Vermont would **ANNUALLY** receive nearly \$200 Million in economic Gain from Greening the Dollar and Public Money administration. Again, based on the NEED Act formulas.

Texas would share in about \$11 Billion of economic Gain. Of that, about \$870 Million would go to Houston, annually. From Year One. How many years would it take in order for the Houston Public Bank to obtain \$870 Million in annual earnings **to itself**, let alone to provide that level of support to public finance?

Government does not need to get into the banking business.



Banks need to get out of the governing business.

A Greening the Dollar Public Money system provides the most comprehensive and readily-available means for financing both the Green New Deal and the nation's Wealth and Income re-balancing. In order to promote a public financing program that brings new, widely-distributed and well-funded public policy options to our cities and states, we **must** continue promoting, and protecting, the Green New Deal and Greening the Dollar reforms presently in our GPUS Platform. Expanding **true community-banking** using the Bank of North Dakota model would round-out a full-throttle monetary-economic transition to advance **sound public policy**.

"The issue which has swept down the centuries and which will have to be fought sooner or later is the people versus the banks." ~ Lord Acton