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**Dedicated to the independent study of monetary history, theory, and reform**  
**“Over time, whoever controls the money system controls the society.”**  
**Stephen Zarlenga, Director**

**American Monetary Institute respectfully issues this public Comment on Lilja Mosesdottir’s Proposal for An Icelandic Parliamentary Resolution on forming a specialist committee to evaluate the benefits of “separating the money creation and money lending functions in Iceland.” Matter nr. 239.**

**In brief, the AMI thinks it is a good proposal.**

Iceland’s crisis has received worldwide attention and it would be good for the world to see Iceland taking such a good step, toward a real solution.

Normally “pretend reformers” go on endlessly describing the problem, but when it comes to the solution, they go off the “Deep End,” and propose nonsense. That is an old tactic, and so this proposal is in the right direction.

Today there is a general awakening to the dangers to society, of any money system where the private banking establishment controls the process by which it issues what is used for money in the society. This awakening results from several events, among which are the following:

The worldwide monetary and economic destruction brought on by such control and a consequent recognition of the deeply parasitical nature of banking systems being used in all parts of the Western World today.

Additionally, this became recognized in the United States through several factors. For example:

My book, **The Lost Science of Money – The Mythology of Money**, the Story of Power; which examines the historical aspects of the money problem from Aristotle forward, in 23 Chapters (see <http://old.monetary.org/lostscienceofmoney.html>). Then Chapter 24 shows how to apply what is learned from history, to solving the problem in the U.S. today (see **The Need for Monetary Reform** at <http://www.monetary.org/the-need-for-monetary-reform/2009/09>)

That book resulted in the proposed **American Monetary Act** (see <http://www.monetary.org/wp-content/uploads/2011/12/32-page-brochure-sept20111.pdf>) which became the basis for Congressman Dennis Kucinich’s creation and introduction of HR 2990 into the current U.S. 112<sup>th</sup> Congress. Called **the NEED Act** (National Emergency Employment Defense Act), it is essentially a monetary reform act, modeled on the Chicago Plan, which our great economic minds created in 1935 to end the Great Depression.

The National Committee of the U.S. Green Party approved a national plank which embodied this proposal (see <http://www.monetary.org/wp-content/uploads/2011/11/2010-GREEN-PARTY-APPROVED-MONETARY-PLANK.pdf>).

Prof. Kaoru Yamaguchi, of Doshisha University in Japan put the American Monetary Act and HR 2990, (see <http://www.monetary.org/modeling-the-american-monetary-act/2010/12>) through his advanced System Dynamics computerized projection and concluded that they (1) provide the funding for infrastructure repair (which solves the unemployment crisis) (2) Pay off the national debt as it comes due (3) Does this without inflation!

These events are some of the facts leading to Dr. Michael Kumhof, (Deputy Division Chief, Modeling Dept., of the International Monetary Fund, IMF) doing his study, **The Chicago Plan Revisited**; an IMF Working Paper, which has swept the world's economist community like wildfire (see<http://www.monetary.org/wp-content/uploads/2012/08/ChicagoPlanRevisited.pdf>). This is the first time anyone has done this exercise and it showed outstanding results for the Chicago Plan; including that it would have much less tendency for inflation, than a privately controlled money system has. That is one reason for its wide interest. Another is that it goes counter to many widely held, but unsubstantiated beliefs about monetary matters.

**Should Iceland's Parliament become familiar with the above events and how they relate to Iceland's possible future money system? Obviously and emphatically YES!**

**Can that be accomplished by January 1<sup>st</sup>, 2013 as the proposal recommends? We respectfully recommend giving the reporting committee at least until March or June 1, to give its report. It takes more time than a month to do this work properly and it must also be considered in relation to the monetary system dominating around the world, and to what extent Iceland can go it alone. However understand also that the dominant system must now go through substantial reform, and little Iceland, can have an important impact on that reform by promoting a monetary system designed to aid humanity, and production and justice; not just a corrupt finance sector. That would be a shot heard round the world!**

**Submitted by Stephen Zarlenga, Director, American Monetary Institute**