European
Monetary Reform

A Plan for the Liquidation of Central Government Debt and the Financial Rehabilitation of the Euro Area

By Michael Schemmann, June 2010

The key elements of the plan *are to (1) monetize the Eurozone's central governments' debts with proceeds restricted to conversion into equity capital of Monetary Financial Institutions (eg, commercial deposit taking banks); (2) raise the MFIs' minimum reserve requirements on deposits to a level that prevents MFIs from increasing the money supply by creating bank book money (ie, deposits); (3) divide MFIs into deposit taking institutions, and into lending institutions; (4) disband deposit insurance corporations.*

Austerity programs, crippling the economy, are both unnecessary and misconceived to rectify an anomaly, namely the governments inability to fund themselves by way of their constitutional money power, which was given to private commercial bankers for nothing in return.

The anomaly can easily be corrected.