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**GREEN MARINE HIGHWAY ADVOCATE PROPOSES PLAN TO RE-ESTABLISH  
THE BANK OF THE UNITED STATES**

Santa Rosa, California. (June 4, 2009) - A World War II economic mobilization to fight global warming and a global depression can be funded by a new federally backed investment bank generating \$250 billion a year in loan guarantees and three million new jobs.

Green Ships advocate Stas Margaronis argues that possible dollar and new foreclosure crises urgently require a new Bank of the United States, based on Alexander Hamilton's 1791 economic development vision.

Based on federally backed loan guarantees used to support new shipbuilding, Margaronis proposes taxpayers maintain a \$25 billion reserve to support \$250 billion a year for loan guarantees and long-term jobs.

Otherwise, he says, the Obama administration will continue to perpetuate the Bush administration's investment in billions for bank bailouts without generating new jobs or green economic development.

**About Stas Margaronis**

As president of Santa Maria Shipowning & Trading, Margaronis has sought to construct small container ships for the U.S. (Jones Act) trades since 1998 and worked with Governor Schwarzenegger's Freight Movement Council to develop a short sea shipping strategy for California. In February 2007, Margaronis testified before the U.S. House of Representatives transportation committee urging the creation of a national short sea shipbuilding initiative to reduce truck congestion, high fuel consumption and emissions contributing to global warming. In 2008, Margaronis authored GREEN SHIPS CAN FIGHT GLOBAL WARMING, which is available at [www.GreenShips.org](http://www.GreenShips.org).

Margaronis' articles on trade and manufacturing have appeared in the Journal of Commerce, the Asian Wall Street Journal, the Baltimore Sun, the Saint Louis Post-Dispatch and the San Francisco Chronicle. He has authored a guide to U.S. employee rights (1982), a guide to U.S. trade problems with Japan (1989) and won a Lucy Lang Fellowship at the School for Industrial Relations at the University of California, Los Angeles.

EDITOR'S NOTE: Please see Op-Ed "RE-ESTABLISH THE BANK OF THE UNITED STATES" below.

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## **RE-ESTABLISH THE BANK OF THE UNITED STATES BY STAS MARGARONIS**

New threats to the U.S. economy require a new investment initiative that also mobilizes green economics to combat the threat of global warming, because:

- \* a declining dollar increases interest rates so as to attract foreigners who are growing reluctant to buy U.S. bonds and debt,
- \* a green investment surge is essential to replace the old fossil fuel economy,
- \* a new round of bank failures, echoing the sub-prime crisis, is possible, as good credit homeowners lose their jobs or are unable to pay higher adjusted loan rates, and
- \* the California fiscal crisis could place renewed pressure on the municipal bond market.

By continuing the Federal Reserve/Treasury bank bail-out policy initiated by the Bush administration, the Obama administration risks losing the opportunity to fundamentally change the banking system in support of recovery and sustainable energy solutions.

A new independent banking system can serve all 50 states and territories and provide \$250 billion a year in federally backed loan guarantees. This could result in three million new direct and indirect jobs per year, based on the assumption that \$1 billion for new manufacturing generates 4,000 direct jobs and 8,000 indirect jobs.

The new bank would focus on start-up and existing applicants that create viable products, generating long-term growth and employment. Priority would be given to those investments that reduce carbon emissions and enhance healthcare and agriculture. The cost to the taxpayer would be maintaining \$25 billion in reserves to support new guarantees. A similar system supports American shipbuilding. There would be strict rules against speculation and unnecessary executive compensation. Even if there are failures, it will be difficult to repeat the Wall Street bank failures of 2008.

This is not a new idea. In 1791, Alexander Hamilton, Washington's Secretary of the Treasury, argued in his "Report On Manufactures" that the United States needed to pursue a policy of protectionism and government-targeted investments to build a competitive economy. Hamilton also supported establishing a new central bank, The Bank of the United States, so as to provide a national impetus for banking and economic development, but it did not succeed. Like other Hamilton ideas, it was an idea ahead of its time.

Lacking a manufacturing base, Hamilton argued that the United States needed to jumpstart economic development. Thomas Jefferson and others opposed such nationalist policies, arguing that the United States should rely on free trade and allow foreign imports to supply America's finished goods.

After Hamilton's death, the War of 1812 saw Britain shut down the U.S. economy by using Royal Navy ships to blockade U.S. ports, disabusing Jefferson and others of their tolerance for foreign import dependency. A new era of protectionism and federal supports, known as the "American System of Manufacturing," supported U.S. industrialization through new machine tools, revolvers, railroads and other industries.

Many Americans do not realize that similar federal government spending, aimed at winning World War II, helped pull the United States out of the Great Depression. The construction of

2,700 Liberty ships and other vessels employed 640,000 Americans, costing \$200 billion in current dollars. This revolutionized shipbuilding methods, established better wages and living standards, and brought women and minorities into the workforce.

A new federally backed investment banking system can support a World War II type mobilization to fight the fossil fuel effects of global warming.

Since 1981 there has been a move away from banks supporting economic development and jobs. Then, Federal Reserve Chairman Paul Volker, the nation's chief central banker, destroyed millions of American jobs and manufacturing in the aftermath of the high interest rates he imposed to combat inflation. Bankers venerate Volker to this day. Also, his high interest rates inflated the dollar, making imports cheaper, and supported the outsourcing of American jobs, increasing U.S. dependency on China and Japan. Subsequently, Americans' desire for a better life was exploited by financial institutions, which over-extended credit card and home mortgage debt.

At the same time, Alan Greenspan, Volker's successor at the Federal Reserve, supported bank de-regulation as well as low interest rates that fueled real estate and bank speculation leading to the 2008 financial meltdown. In 2008, Greenspan's successor at the Federal Reserve, Ben Bernanke, teamed up with the Bush administration Treasury Secretary, Henry Paulson, a former investment banker, to frighten Congress into funding a massive bank bailout to, supposedly, save the U.S. economy. Kevin Phillips argues in his book, *DIRTY MONEY*, that the Paulson-Bernanke bailout was really intended to save financial giants such as J.P. Morgan, Goldman Sachs and Bank of America.

In 2009, new jobs and economic development have yet to materialize.

Congress and the Obama administration must repudiate failed banks in favor of investments in wind, solar, battery, smart grid technologies, biotechnology, organic agriculture and green transportation modes. Some Obama-backed stimulus funds support these goals, but are overshadowed by the billions of dollars spent on bailouts.

Inspired by Hamilton's vision, Americans have the opportunity to generate new jobs and green economic development through a modern day Bank of the United States.

Stas Margaronis, author of *GREEN SHIPS CAN FIGHT GLOBAL WARMING* is writing his autobiography: *THE CHAMPION OF HOPELESS CAUSES*

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