

Many issues

There are so many issues to worry people in the 21st century that the concerned citizen might wonder about which might be the best one towards which they should direct their energies, or it might seem that there are so many different matters of concern that focusing on just the one is a pointless exercise.

Yet all the big issues of the present day have a common connection - money. So, let us consider the origin and nature of money.

The origin of modern money

The common refrain of politicians excusing their inactivity on a particular issue is that 'money does not grow on trees', meaning, of course that money cannot be conjured out of thin air.

In fact, money is conjured out of thin air. In Britain alone, somewhere in the region of £50 billion is annually created out of thin air. Of that £50 billion, around £1.5 billion, or 3% of the total is created as notes and coins by the publicly-owned Bank of England and spent into circulation as part of HM Treasury's income.

The remaining 97% of our nation's money supply is conjured into existence by the privately-owned clearing banks. This is in itself bad enough (highly unethical, at least), but the problem of bank-created money is compounded by the fact that this money is created as an interest-bearing debt.

When someone - an individual, a business, or a government - borrows money from a bank, they are not lent the money of the bank's depositors. Instead, the money is simply created as a bank account entry, backed by nothing more than the borrower's debt. But even though it has been brought into existence out of nothing, the borrower still has to repay it, with interest of course!

Interest-bearing debt money

With any interest-bearing debt, the amount of money needed to repay the debt is always greater than the amount borrowed, because the repayment will include a sum of interest, however small the rate of interest charged.

Because the money upon which our economy depends is created as a debt, the amount of money created (the principle of the debt) is always less than the amount owed (the principle + interest). So the economy as a whole is saddled with a debt that can never be paid off, because there can never be more money in existence than the amount created!

This is not a matter of complex economics, but of simple logic. There can never be more of a thing than the totality of that thing. There can never be more than 100% of the total money supply. The 'missing' money, the interest charged by the banks, adds to their £ billions of annual profit, but little of this money is spent back into the economy, instead it is traded on the money markets like a commodity.

Pressure

A money system based on interest-bearing debt inevitably creates pressure within economies, and between them. This pressure shows itself in a variety of different ways, all of them causing problems for ordinary people, both in Britain and around the world. The world is not short of real wealth; it is only short of numbers in bank accounts!

Over the past decade, the British economy has been prevented from going into recession largely through consumer spending. This spending has been fuelled by out-of-control and irresponsible bank lending (creating money out of thin air), which has caused many people to find themselves heavily in debt. Unable to afford good quality long-lasting products, many people are forced to buy cheap 'throw-away' or 'built-in obsolescent' goods and services. Such a pattern of consumption is clearly detrimental to the environment, and frequently bestows little or no benefit to the buyer.

Loans to students in higher education is a good way of conditioning young people to a life-time of debt and all the health problems that follow from such stress. Even with large student-loan debts, they will be offered interminable deals for credit cards or bank loans to buy a car, PC or anything else. Then they will be confronted with massive house prices, a consequence of the banks lending/creating ever more money for the housing market. Anyone fancy a 100-year 'multi-generational' mortgage, like those that are now common in Japan?

Lending money for new hospitals is also a 'nice little earner' for the banks. Private Finance Initiatives enable them to lend/create even more money, with the repayments 'guaranteed' by future taxpayers, even if there is no money to pay for the doctors and nurses.

Britain is not the only market for the banks. Many developing countries offer even easier pickings, and although campaigns such as Make Poverty History create a lot of noise and excitement, their organisers singularly fail to present the world with the salient facts that the debts with which many developing countries are saddled are based on money that was created out of thin air in the first place!

All these problems are caused by the fact that Britain's (and the world's) money supply is based not on wealth, as many people might suppose, but debt. Is it any wonder that we have so many problems?

The alternative

Simply removing the power of money creation from the banks would remove the cause of a lot of problems, and that is all that would be required for most of them. Remove the cause and the problem goes.

Ending the many problems caused by bank-created money would in itself sharply reduce the amount of money needed to address these problems, but with money reform the amount of money available for public spending would go up; as all money would be created as a public resource. There would be more money for education, the NHS, pensions, social housing, environmental protection, the third-world - an extra bonus without cost to the taxpayer or risk of inflation!

The Money Reform Party

The MRP has been set up expressly to tackle the problems caused by bank-created money. Its single policy is the removal of the power of money creation from the privately-owned banks. However, it is not a single issue party, because money effects every issue.

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THE MONEY REFORM PARTY

The Money Reform Party exists to educate the British people and their politicians about the money system and to campaign against the creation of the money supply by the private banks.



What's your concern?

- **Climate change and the environment**
- **Making poverty history**
- **Ending the student loan system**
- **The high cost of housing**
- **Protecting the National Health Service**
- **The pensions 'time-bomb'**
- **Ending war and exploitation**

Money Reform can tackle them all, because the issue of money is the one issue that underlies all other issues.

With a reformed money supply, anything that is physically possible and socially desirable will be financially possible.

Whatever you want done, money reform can do it!