

and whole countries facing economic problems because THEY CANNOT FIND A MARKET FOR THEIR GOODS. They have the goods and services - food, clothing, cars, electrical goods, holidays, health-care, education - all manner of wonderful goods and services, but there are insufficient people, with money, to buy them.

There is not a shortage of productive capacity of real wealth in the world. The scramble between countries and businesses for markets, the amounts spent on advertising and subsidies, the factories and farms facing closure, the number of unemployed around the world, the mountains of unsold goods in containers and food in storage, all prove that the world is bursting with productive capacity.

Yet, amidst all this plenty, there are massive levels of poverty around the world. Even in a rich and productive country like Britain, there is poverty in the midst of actual (or potential) plenty.

Money is not neutral

The reason why the real economy is not behaving as conventional economic text-books tell us it should is that money is not, in fact, a neutral medium of exchange.

Within Britain, like most countries around the world, money has two origins. The first of these is a government agency, the Bank of England, which produces the notes and coins that circulate around the economy in the form of cash. This is 'fiat' money, intrinsically worthless bits of printed paper and base metal, which has a value because it is enshrined in law as 'legal tender' - that is money that may not be refused in the payment of a debt.

This money is not backed by gold nor even by the sterling silver which gave our currency its name and of which a pound in weight was the original pound. Nevertheless, this publicly-created money, spent into circulation as part of HM Treasury's income and hence saving us all a modicum of taxes, forms the useful small change of our economy at no cost to the economy.

The second source of money is 'bank credit'. This is the money that resides in our bank accounts or, perhaps more accurately,

'negatively resides' in the form of mortgages, loans and overdrafts. The amount of savings in the accounts of individuals, businesses and the government is tiny in comparison to the massive levels of debt, so whence has it come? The answer is - thin air!

When a bank lends money it does not draw on the savings of its depositors, instead it creates the money out of thin air as pure numbers based on nothing other than the debt imposed upon the borrower. This money is created as a debt, bearing a charge of interest, which has profound ramifications for the economy.

A debt-ridden economy

The proportion of Britain's money that is now produced as an interest-bearing debt has grown steadily over the decades. It now stands at over 97% - the remaining 3% being the notes and coins created as non-debt money by the nationalised Bank of England.

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. This means that 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 money in existence than the total money supply, even though more is needed to pay the interest on the amount created. 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.

Consequences

Over 95% of the total money that is 'spent' each day is used in the money markets to buy other money. Pounds are used to buy dollars, which are used to buy euros, which are used to buy yen, as speculators gamble on the rise and fall of the world's currencies.

Only 5% of the world's money is used as a medium of exchange to trade in the real wealth that the economy does or could produce.

Meanwhile, large parts of the productive economy stands idle. Many of those wanting to work are forced into unemployment, businesses close down, farms are 'set-aside' and factories demolished. Those in need of the goods and services that could be created are forced to go without, unable to buy even if the goods were available because of the high levels of debt that permeate the economy.

A simple, sensible solution

This crazy economic situation could be very easily remedied, if a publicly-owned body, such as the Bank of England, was responsible for creating ALL of Britain's money supply, and if this money was spent into circulation as part of the government's normal spending pattern. This would save us all a sizeable sum in taxes, which itself would increase the money available to buy the things we need without going heavily into debt as individuals, and the economy would have a debt-free money supply that would enable the real wealth creators to function without constraint.

The Money Reform Party

The Money Reform Party has been created expressly to educate the British people about the money supply in order that through the greater awareness of the electorate, our politicians will no longer be able to ignore this vital issue.

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To find out more about the problems caused by our present debt-based money system, check out the following websites:

www.moneyreformparty.org.uk
www.prosperityuk.com
www.monies.cc
www.jamesrobertson.com
www.ercouncil.org

www.monetaryevolution.net
www.ccmj.org
www.globaljusticemovement.net
www.monetaryreform.org
www.themoneymasters.com

MRP18

Introducing the THE MONEY REFORM PARTY



Money lies at the heart of the lives of most people within a modern highly-developed economy. It determines almost every aspect of our everyday lives - our homes, jobs, families and communities.

For most people, money is synonymous with wealth. A wealthy person is regarded as someone with a lot of money. We only wish that we had a lot of money too, and we might spend much of our time wondering how to get it - earn it? borrow it? win it? inherit it?

Real wealth

Actually, money is not real wealth, but it is the means to command real wealth. Real wealth is the goods and services which we buy, and which are produced by the productive sectors of the economy. The producers of these necessary (and desirable) goods and services earn money for their efforts, which gives them the means to command a portion of the goods and services produced by others, commensurate, one would assume, with their own contribution.

This is a very simple explanation of how an economy works, and it is the one upon which most economic text-books are based. In this theory, spending power matches productive capacity, because for every £1's worth of real wealth created someone earns £1 in money, with which to buy £1's worth from the 'pool' of real wealth created.

In conventional economic theories, money is therefore regarded as purely neutral, being a sort of transmission system, enabling real wealth to be transferred from wealth-creators to wealth-buyers. The limitation upon the total amount of real wealth that we all might enjoy is thus assumed to be the productive capacity of the economy.

The real world

This cosy economic theory does not match the real world, however. Everyday in the news, there are reports of businesses, industries