

The banks have been able to extend their credit creation to its present 97% of the total money supply because in today's economy, with increasing use of credit cards, debit cards, cheques and BACS transfers, very little of the money that we use, either as individuals or as organisations, exists in the form of cash.

No cash needed

Banks only need to retain very small reserves of government-created money (notes and coins) in order to meet the dwindling demand for cash. The rest of the time, they happily pass cheques and similar payments between each other which are 'backed' by nothing more than a ledger or computer entry in the form of somebody's debt.

In the minds of most people such behaviour would be tantamount to fraud. That it occurs on a massive scale is possible only through the widescale ignorance of the process on the part of not only the British public, but also of most of our politicians and commentators.

Debt-based money

Money created as a debt by the banks bears a charge of interest. This increases the amount of money that the economy owes by an amount greater than the amount in existence. This means that the economy is saddled with a debt that can never be paid off, merely passed around like a game of Pass-the-Parcel in a Belfast pub. It is like a game of musical chairs, where someone somewhere has to lose out.

From the point of an entire economy this is very serious. We each might be aware of how we might act if we found ourselves deeply in debt. There are two choices of action, ideally both undertaken together. One course of action is to reduce our spending, to buy less, and the second is to increase our income, to sell more.

These courses of action are not possible within an entire economy, because if large numbers of people buy less, then necessarily the amount of sales will go down. One cannot have some people selling without there being other people buying. It is a zero-sum game.

An international problem

The only way that an economy can sell more without buying more is if it sells its products abroad, but every economy in the world is based upon debt-based money. Every country starts from the position of indebtedness. Every country is desperately trying to sell more than it buys to reduce its own debt. This is why there are interminable wrangles between countries over who can trade what with whom, for how long and for how much.

The attempt by countries to 'export' their debts to each other is an absurd and quite impossible target because the sum total of the amount of money in circulation around the world is effectively a negative figure. More money is extracted from the real economy each year in the form of interest charges than new money is fed in. This extracted money, the interest payments to banks is largely siphoned off to be used for currency speculation, because that is more profitable and less risky than conventional trade and so plays no role in the trade of goods and services.

Disease, famine, war and death

The consequences of having both a national and a global economy reliant upon this debt-based bank-created money are many and profound, indeed it is hard to think of a problem that is NOT caused by the prevalence of this type of money.

Debt-based money at best inhibits economic activity, at worst it utterly destroys it and prevents its occurrence. Without a healthy economy anyone would suffer from unemployment, poverty, hunger, disease, famine, war and death. With the present 'musical chairs' economic system, in order that some people can enjoy prosperous lives, others have to lose out. With a debt that cannot be eradicated, someone has to end up with it - those that lose out in the 'musical chairs', such as the less able citizens within our own British economy, and the less able countries within the global 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, 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.

A (British) Commonwealth of Nations

Throughout history, Britain has led the way in many developments in human culture, being the Mother of Parliamentary Democracy and the First Industrial Nation. Despite our modest stature in the world's polity, we could make a significant and historic contribution to the history of the human race, if we adopted a debt-free money supply and then, through our many international connections, encouraged the spread of the idea around the world.

Campaigning for debt-free money

The Money Reform Party exists to educate the British people and their politicians about the money system and to campaign for the abolition of a money supply that is created by the private banks.

For more details about the Money Reform Party, please contact:
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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

MRP3A

THE MONEY REFORM PARTY

Why the Money Reform Party?



Money lies at the heart of all our activities, and it lies at the heart of all political policies.

Our present money supply is responsible for so many of the country's and the world's economic, social, political, environmental, medical and other problems that only a reform of the money supply itself has any hope of addressing these problems. Without money reform, any other political or campaigning activity will never go anywhere near solving these problems.

Our unreformed money supply

Many suppose that all the money in the British economy is created by government agencies (the Royal Mint and/or the Bank of England) in the form of notes and coins, which money in turn is backed by the tons of gold lying in the Bank of England. This is far from the truth.

At the present time, less than 3% of the money in the British economy has been created by the government. The remaining 97% has been created by the private banking system. They do not create money in the form of notes and coins, for that would be counter-feiting, but their method of money creation is far, far simpler.

"The process by which the banks create money is so simple, the mind is repelled," wrote the Harvard economist J K Galbraith. He described the fact that banks just write money into existence when anyone - an individual, a business or a government - borrows money from them, just by tapping a few buttons on a computer keyboard.

Bank-created money

You might have supposed that the money that you borrow from a bank is some fellow customer's hard-earned savings. It is not. Banks do not lend 'real' money when they grant you a loan. Instead they grant you credit. This credit can be spent like money and to all intents and purposes it is money (except in economics text-books which get a little hazy when discussing this matter!).

Money is created out of thin air like this by the private banks not only when they lend to private individuals, but also when they lend to businesses and to the government.