

Sovereign Monetary System

Please ask your MP Andrea Leadsom

Economic Secretary to the Treasury to host a “Monetary Commission” on the merits of a sovereign monetary system for Britain.

On 20th November she spoke for the government at the end of a 2 hour debate in the House of Commons during which MPs highlighted the disastrous consequences of letting the commercial banks be the creators and owners of the nation’s money. She confirmed:

Whenever a bank makes a loan, it credits the borrower’s bank account with a new deposit and that creates “new money”.

She’s happy to tweak the system but not to eradicate this basic flaw.

If you ask a bank for, say, £300,000 to buy a house, the bank simply **creates** that sum by a book-keeping entry in your account. It doesn’t get it from anywhere. It isn’t money other people have saved with the bank. They just create it out of nothing. The money didn’t exist the microsecond before you borrowed it. It’s preposterous!

They do this because all the time this newly created bank money is out on loan the bank gets paid interest on it. Eventually when the capital sum is paid back, the debt is cancelled and the money ceases to exist, but the interest paid remains the property of the bank – very nicely, thank you!

It’s especially nasty if the debtor defaults. The bank seizes the house even though the money lent to buy it was just created out of nothing.

You and I aren’t allowed to create money. Why should bankers be allowed to create money out of nothing to make themselves rich?

In the debate MPs Michael Meacher, Steve Baker, Zac Goldsmith, Peter Lilley, Douglas Carswell, Austin Mitchell and others highlighted the craziness of this system. Mr Meacher’s solution is that the nation’s money should be created only by the Bank of England as an asset of the nation. It could then be given to the government to spend on things that help us run a good country. Then our nation’s money would be an asset of the nation, not a debt by the nation to the banks. Banks wouldn’t be allowed to create money but they could deal in Bank-of-England-created money.

The present system of commercial-bank-created money is bad for all except the very rich. The nation’s banknotes and coins ARE created by the state but they’re only 3% of the total circulating money. The rest, the electronic 97% is created by the banks and enters circulation when they lend it. It remains commercial bank property to deploy as they will.

This leaves the banks with great power and the government with little power. The banks can choose where to invest the nation’s money, because they own it, and they choose to invest it in houses and other pre-existing assets. Only 8% of it finds its way to the productive economy and that’s why we don’t produce anything much these days and why the economy is so weak and there’s so much poverty.

ACTION I am coming to South Northamptonshire from Birmingham to find people who will persuade Andrea Leadsom to sort this issue out and to host a “Monetary Commission” on the merits of a Sovereign Monetary System so that Britain can thrive to everybody’s benefit and become a nation of wholesome influence in our needy world.

Her website says you can arrange to see her by calling 01604 859721 or 0207 219 7149 or by emailing her at: andrea.leadsom.mp@parliament.uk

As constituents with access to a Treasury Minister you are in a very good position to get this problem sorted out. I’d love to know what you think. Would you link up with other people in the constituency to study this issue and to press for change? <http://www.positivemoney.org/> explain it well but this is my leaflet not theirs!

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