**COMMON SENSE for our times**

Slavery strikes us as abhorrent as well as illegal, it is seen as the very essence of man’s inhumanity to man. However, not many life times ago, it was part of society; it’s familiarity making a wrong seem right by its continuing presence; a serious injustice going unremarked because we are blinded by tradition. Imagine living in an age when slavery was normal- it was so much part of society and accepted by society that abolishment required men of stature and foresight. These men had to confront strong vested interests, which were supported by the religious and moral authorities of the time. What a contrast to our present age when slavery is considered, so obviously, an injustice.

Surely there is nothing equivalent in our day and age, when the rule of law supports a fair and democratic society? However dig deeper among the myriad interactions of our daily lives and something else emerges when we consider money. Most transactions involve money in one form or other but where, you ask, is the injustice in a £20 note? Of course there is none, printed by the bank of England and sold at face value to the banks it is above reproach and used by all. However notes and coin are only a small part [<5%] of the nation’s money, most is not issued by the bank of England but created out of nothing by the private banking industry when they make a loan- this sort of money exists only as a ledger entry in our bank accounts and can be created at will by the banks; it is a myth perpetuated by the banks that they lend from savers accounts. So we find that more than 95% of the nation’s money is created by the private banks when they make loans [see the references to explain this in detail][2]. ‘Does this matter?’ you may ask, money has to be created somewhere, where is the injustice; however if we examine this process in more detail a different story emerges.

It is an injustice that the private banks decide how much money to create and therefore the level of activity in the economy which determines employment levels. It is an injustice that this power is wielded for the benefit of the banks and not the general public.

It is an injustice that the banks decide where the newly issued money is injected into the economy. Loans for property purchase are the favourite hence property bubbles are created and loans to small enterprises neglected.

It is an injustice that the new money creates an income stream for the banks at the expense of the whole community. Interest is paid on all created money which leaches value from the country back to the banks [London] continuously increasing social inequality, the top 5% are enriched by the majority who become poorer.

It is an injustice that the private banks have more spending power than the government, this undermines democracy. Governments go into debt to the private sector when expenditure exceeds revenue while the private sector continues to create money.

 It is an injustice that money created by debt involves repayment of principle plus interest, thereby requiring growth, ie more debt, to meet the interest payments. Sustainability is impossible with continuous growth and this impacts on our environment.

It is an injustice that money creation is for the private sector and not in the interests of the whole community. This injustice should not be allowed to continue and need not continue, the solution is simple. The monetary policy committee, accountable to parliament but independent of the government, could decide how much money is needed [or to be removed from circulation] and the new money given to the government to spend; a significant advantage being that this new money is created debt free and so does not increase the national debt. This common sense solution would be easy to implement; as easy and as difficult as abolishing slavery. Banks are prevented from printing money by an act of 1841 and this is easily extended to include digital money, thereby closing the loop hole currently used by the banks to bypass the spirit of the act; and as difficult because of the strong vested interests wanting to maintain the status quo.

It is common sense to make these changes. It is common sense that this subject should be raised and discussed by all who want a fair and just society and in particular our representatives in parliament who must act if the system is to change.

Early American presidents understood, Thomas Jefferson said “I believe that banking institutions are more dangerous to our liberties than standing armies. If the American people ever allow private banks to control the issue of their currency… the banks… will deprive the people of all property until their children wake up homeless on the continent their fathers conquered” and Abraham Lincoln “The government should create … all the currency and credit needed to satisfy the spending power of the government and the buying power of consumers…Money will cease to be master and will then become servant of humanity”. In more recent times, many understand the limitations of our money system, Lord King, former governor of the bank of England, is reported to have said “of all the many ways of organising banking, the worst is the one we have today”. The club of Rome describe the problems with our present system and advocate creation of local currencies [because of the difficulties of opposing vested interests] but this is not a solution because governments and large corporations will demand payment in the national currency. In 2012 the IMF [International Monetary Fund] published a paper [wp/12/202] analysing the working of a system without fractional reserve lending and concluded that financial stability and fairness would be improved.

Common sense drives us towards a change, to a sustainable system which does not require growth for financial stability and to protect our, and our children’s, environment.

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