



# Forum for Stable Currencies

## Advocating Economic Democracy through Freedom from National Debt

**Convenor:** Lord Sudeley FSA; **Host:** Lord Ahmed; **Chairman:** Austin Mitchell MP  
**Sponsors:** James Gibb Stuart, *Ossian Publishers*; Barbara A. Panvel, *New Era Coalition*  
**Organiser:** Sabine K McNeill FRSA, Director, *3D Metrics*

17 January 2008

## Advocating the use of People's Credit\* since 2002

### A Proposition regarding the Role of the Treasury in 21<sup>st</sup> Century Britain

\*Until recently known as M0: notes and coins. Public money – People's Credit - can now also be issued electronically.

#### The Political Context

The cover of [Fantasy Island](#) by Larry Elliott (Guardian) and Dan Atkinson (Mail on Sunday) shows Tony Blair in US shorts while Gordon Brown is hanging on to a tree in a major storm. The subtitle says 'Waking up to the Incredible Economic, Political and Social Illusions of the Blair Legacy'. The *Daily Telegraph* wrote: 'Fantasy Island sets out in exquisite details the lies, damned lies and statistical legerdemain that define Labour in office'.

**Fantasy Island** has sold over 20,000 copies already and paints a grim picture for the future. In contrast, [Creating a World without Poverty – Social Business and the Future of Capitalism](#) portrays 'social business' as the solution for giving capitalism a human face – at all levels between the City, Westminster and business.

#### Responding to Challenges

The *Forum for Stable Currencies* has analysed publicly accessible data of the *Bank of England*, the *Treasury* and the *National Office for Statistics* on the following occasions:

1. [Sovereignty & Seignorage](#) was the response to the Legal and Economic Challenge of Climate Change addressed by the [Environmental Law Foundation](#) on October 26<sup>th</sup>, 2005.
2. [Green Credit for Green Purposes](#) was a submission to the inquiry into the Stern Report by the *Treasury Select Committee* in January 2007
3. [From 'Green Stick Taxation' to 'Green Carrot Funding'](#) was a Supplementary Memo to the *Treasury Select Committee* in April 2007
4. [Green Credit for Green Growth](#) was the response to a [Call for Concepts by UNDP](#) on how to finance national needs for adaptation to climate change. This was discussed at the UN conference on climate change in Bali, 8 December 2007.

[David Chaytor MP](#) tabled one and [Austin Mitchell MP](#) seven of the following [Early Day Motions](#) which all point the Treasury into a direction that is contrary to the trend it has been following.

- EDM 1515 – 2002 – [Using the Public Credit](#) (25 signatures)
- EDM 854 - 2003 – [Publicly Created Money and Monetary Reform](#) (29)
- EDM 323 - 2003 – [Public Credit for Public Purposes](#) (23)
- EDM 327 - 2004 – [Use of Public Credit for Public Works](#) (28)
- EDM 743 - 2005 – [Interest Free Money](#) (22)
- EDM 390 - 2005 – [Publicly-Created Money](#) (13)
- EDM 408 - 2006 – [Public Credit for Public Purposes](#) (19)
- EDM 265 - 2007 – [Green Credit for Green Growth](#) (11)

Whilst a total of 70 MPs signed one or more EDMs, the low number of signatures implies a general lack of understanding the issues at stake.

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*A Voluntary Initiative of Parliamentarians and Concerned Citizens  
across the full political spectrum and from all religious persuasions*

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## The Essence of the Early Day Motions in Notes and Italicised Recommendations:

1. There has been a huge expansion of bank lending which has imposed a growing debt burden on society.

*The People's Credit can and should be used for the People's Purposes not for private enrichment and bank profit*

2. The proportion of publicly created money in circulation, has fallen from 20 % of the money supply in 1964 to 3% today.

*The Government is urged to redress the balance back to the people by instructing the Bank of England to create credit to be used exclusively to finance necessary public investment in schools, hospitals, transport, police, social services and defence.*

3. The conclusion of the report by the Association of Chartered Certified Accountants (ACCA) confirms that private finance initiatives are a very expensive way of financing and delivering public services. For public and social infrastructure developments interest-bearing debt is unsatisfactory, burdensome and inadequate.

*The heavy extra costs of financing public projects by the Public Finance Initiative or Public Private Partnerships would be massively reduced by the development and use of public credit rather than accumulating even more debt or enriching the private finance initiative and public private partnership contractors who are making vast profits from the Government's desire to provide alternatives to borrowing.*

4. The cost of dealing with the recent floods is only a foretaste of the much larger sums that will be necessary to cope with climate change and to deal with extreme weather conditions

*Instead of raising the money by taxing or borrowing, the Government should now increase the proportion of publicly-created money in the economy by issuing interest-free green credit to finance the measures which will have to be taken.*

5. Further huge additional expenditure will now be necessary to combat global warming, reduce carbon emissions and make public buildings, housing and transport carbon neutral.

*As there is no prospect of raising such huge but necessary sums through normal channels of taxation and borrowing the time has come to supplement these by using the power of public credit to increase the amount of publicly-funded money needed to finance the development of carbon neutrality in a good society, funding activities to combat climate change as described in the Forum for Stable Currencies' response to the UNDP's call for new approaches towards adaptation to climate change*

### **General recommendations**

The benefits of seigniorage are overwhelmingly taken by the banks not the public exchequer. The decline in publicly created money should be reversed, substantially cutting the cost of public investment by eliminating the need to borrow and pay interest.

The Treasury should commission an independent review of the benefits of using the public credit and increasing the proportion of publicly created money, which would enable more public sector investment and stimulate employment.

The Government should grant the Bank of England, within that institution's inflation targets, the power to generate sufficient interest-free credit, and to allocate it to a national credit agency for disbursement for such local and national public and social infrastructure development projects planned by Parliament.

## List of MPs who signed one or more Eight Early Day Motions

Elfyn Llwyd, Adam Price, Hywel Williams, \*Simon Thomas, Hywel Williams, **Plaid Cymru** (4)

John Barrett (Scottish MP), Mike Hancock, Nick Harvey, Paul Holmes, Nigel Jones, John Pugh, Bob Russell, Adrian Sanders, \*Paul Tyler, Roger Williams, **Liberal Democrat** (10)

John Austin, Vera Baird, Harry Barnes, Harold Best, Ronnie Campbell, Martin Caton, David Chaytor, Michael Clapham, Katy Clark, \*Tony Clarke, Harry Cohen, \*Iain Coleman, Tony Colman, Frank Cook, Jeremy Corbyn, David Crausby, Ann Cryer, Jim Cunningham, Dai Davies, Janet Dean, Jim Dobbin, David Drew, Bill Etherington, \*Paul Flynn, Neil Gerrard, Ian Gibson, Roger Godsiff, Kelvin Hopkins, Eric Illsley, Brian Jenkins, Lynne Jones, Andy King, \*Terry Lewis, Robert Marshall-Andrews, John McDonnell, Kevin McNamara, Tony McWalter, Alan Meale, Austin Mitchell, Madeleine Moon, Albert Owen, Linda Riordan, Alan Simpson, Marsha Singh, Llew Smith, David Taylor, Jon Trickett, Dr Rudi Vis, Joan Walley, \*Brian White, Derek Wyatt, **Labour** (50)

Nicholas Winterton, Peter Bottomley, **Conservative** (2)

Gregory Campbell, **Democratic Unionist Party** (1)

Martin Smyth, **Ulster Unionist** (1)

Dr Richard Taylor, Dai Davies, **Independent** (2)

\* denotes those who are no longer MPs