

# Public Finance Initiatives

## – Just, Interest-free Finance for Top-quality Public Services

Money lending for profit (usury, or, in Islam, Riba) is the most insidious, if not the most evil of the five ways in which wealth flows from poor, and working people, to (already) rich.

Of the other four, theft – in this case, the covert privatisation of money creation - has been added to usury by the modern banking system, in the form of something called ‘Fractional Reserve Banking’.

Many of us no doubt believe that the For-Profit banks lend depositors’ savings to those in need. Surprisingly, this is not, in any real, full sense, the case.

Using Fractional Reserve Banking, the Commercial Banks multiply up tiny actual money deposits, in order to make interest-bearing ‘Lines of Credit’. This book keeping scam – now largely a computer recorded scam - creates interest-bearing debt, quite literally, out of nothing (for some recent book references to this modern, but legal, malpractice: see the end of this article).

For this reason, all attempts to pay off the ocean of debt in which poor and working people are drowning are futile.

Since about 97% of all ‘money’ now in circulation is this so-called ‘Debt-money’ (ie computer-generated, interest-bearing, for profit ‘credit’), some people, somewhere – be they individuals, families, communities, companies, countries – always have to be in debt (and interest-bearing, grinding, immiserating debt).

Thus, for capitalist economics to ‘function’, the misery of debt always has to exist. Put simply, some people, somewhere have to be in debt for the whole unbelievable capitalist nonsense to exist.

That said, this insidious, immoral (though legal) system of ‘Debt money as interest-bearing credit’ has built into it, the mechanism for its own destruction, and it is this – the Achilles Heel of capitalism – that social action is now working upon.

Firstly, the scam is now becoming well documented and well discussed.

Secondly, The Forum for Stable Currencies (a Parliamentary activity, co-created by The Campaign for Interest-free Money, in co-operation with a host of concerned people, organisations, and Parliamentarians) introduced an Early Day Motion in the last Parliamentary session (EDM 1515: <http://edm.ais.co.uk/weblink/html/motion.html/ref=1515>), and another in the session just closed (EDM 854: <http://edm.ais.co.uk/weblink/html/motion.html/ref=854>.)

These actions, both, raise the nature of this scam, call for its eventual abolition, and, also, show how an infinitely more moral, ecologically sustainable, and socially beneficial system can be put in its place.

The suggestion in both of these EDMs is that The Bank of England – our Bank of England – be required to de-privatise this money creating activity and remove its debt and interest aspects, so that it can be used (within its, already established, low-inflation targets) as a means of providing interest-free credits for socially beneficial purposes (public, non-debt, interest-free financing) for things like good housing, hospitals, schools, transport, green energy schemes, and so on, as an end to the PFI,/PPP scams, and their like.

Moreover, since interest charging both trashes the planet, and transfers money from poor to rich, financial inequality (a profound curse in any society) will start to be sustainably closed.

As a consequence, we call to all social activists, trade unionists, democratic socialists, co-operators, and all such people of good will, to support these moves – and encourage their MPs to do likewise.

Can we get rid of PFI and debt? Of course we can!

### **A Short Booklist**

Sir Harry Page 'In Restraint of Usury: The Lending of Money at Interest'  
Chartered Institute for Public Finances and Accounts (CIPFA), London, 1985. ISBN 0-85299-2858

Written by a former President of CIPFA and past Treasurer of the City of Manchester, this small book tells what most other historians leave out - the first legalisation of usury by Henry VIII in 1545. Sadly now out of print, this book points out the disastrous effect that usury has on providing quality public services and the resulting misery caused.

Margrit Kennedy 'Interest and Inflation-Free Money'  
New Society Publishers, Philadelphia, USA, 1995 USA ISBN 0-86571-319-7  
*A good - almost unique book - explaining the effects of interest on daily life and the way it stops civilised life developing.*

Joseph Huber and James Robertson 'Creating New Money'  
New Economic Foundation, London 2002 ISBN 1 899407 29 4  
*Lays out the case for returning the right of creation of all new money to The Bank of England*

Also: Michael Rowbotham's 'The Grip of Death' and 'Goodbye America' both published by Jon Carpenter, Charlbury, Oxfordshire (1998 and 2000 respectively) are good on Fractional Reserve Banking.

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