

FRIENDS MEETING HOUSE

Mount Street (opposite rear of Library building)
12.30pm Tuesday 21st June - Refreshments Provided

MOTION 72 'ONE GOOD CUT'

The Tories are making the harshest cuts in living memory. They tell us these are “unavoidable”.

But we could make one simple spending cut that would make all the others unnecessary...

We could cut the benefits to the bankers. Find out how and more with -

BEN DYSON from Positive Money

Chair MO BAINES

Manchester Branch President



WHY ARE WE SUBSIDISING BANKS BY £57 BILLION A YEAR?

Andrew Haldane, an executive director at the Bank of England, calculated that taxpayer support for the banks saved the banks around £57 billion a year. It turns out that **banks are the most heavily subsidised businesses in the world**. While the money runs out for ordinary people and public services, the largest banks still thrive. This is because they get the biggest subsidy of them all: a licence to 'print' money.

Hard to believe? Martin Wolf, the Chief Economics Editor at the Financial Times and a member of the Independent Commission on Banking said it recently:



"The essence of the contemporary monetary system is the creation of money, out of nothing, by private banks' often foolish lending."

Martin Wolf, FT 9th November 2010

The vast majority of money that we use today is actually created and issued by the high-street banks in the form of 'credit' - i.e. the electronic numbers in your bank account. **This electronic money makes up 97% of all money**, with cash making up just 3%.

Because all this electronic money is created by the banks when they make loans to members of the public, it ensures that if one person has £1million, everyone else must be £1million in debt. And because the banks decide who gets loans and what for, it effectively allows the short-term profit incentives of banks to shape the entire economy, which is why our economy is skewed towards property speculation and risky gambling while public services are starved of funding.

Removing the power of banks to create money 'out of nothing' by their foolish lending will make it impossible for banks to blow up debt-fuelled bubbles that push house prices out of reach of ordinary people, and ensure that the profits that come from creating money out of nothing are returned to the public rather than concentrated in the City of London. A few simple changes to the banking system could make the spending cuts unnecessary, and provide up to £100bn extra for public services or to lift the poorest completely out of tax.

The power to create money should be taken away from these unaccountable short-termist profit-seeking corporations and returned to the state, before the banks have time to create another crisis and pass the costs back onto the public.



"Of all the many ways of organising banking, the worst is the one we have today."

Mervyn King, 25th October 2010