Foley v Hill (1848)

Dear Sir,

Re your article concerning the above at http://www.halsburyslawexchange.co.uk/failing-banking-structures-the-root-of-our-crisis/

You state herein that "the bank owns your money, even if you have instant access to it. Naturally, the banks lend this money at interest".

The first part of this statement is true but the second is not, as pointed out decades ago by Major Douglas. What actually happens is this money stays on deposit, and when a bank lends money it does the following:

It creates a new account and credits it with £1,000, $1,000 or whatever; the borrower withdraws this money - usually by cheque - and when this money is spent and finds its way into another bank account, it increases the money supply. As the loan is repaid, this new money is cancelled out of existence. Any interest on the loan returns to the bank becoming part of its profits - and the net increase in the money supply. But what happens if this loan is not repaid in whole or in part? All that happens is the bank closes the loan account, and at some point in the future quietly writes off the loan.

Major Douglas gave a mathematical proof of this.

Please check the website http://www.financialreform.info/ for more economic wisdom.

Yours Sincerely,
A Baron