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**Your reference: 10/69579/2010**

**April 21, 2010**

**Dear Mr Curtis,**

**Thank you for your undated letter which arrived April 9. As you took some time to respond to my original query I thought it only polite to put some time, thought and deliberation into my reply. I am somewhat surprised that you should end your letter with the words "I hope you find this reply helpful..." because clearly it is not me who needs help, if you recall, I wrote to you to explain why the Government did not need to borrow money from the banking system – at interest – when it can create the same money for free.**

**Your letter has confirmed that the Treaty of Maastricht has – or appears to have – taken this power away from the British Government. Only today, a former Chancellor has suggested that in the event of a hung Parliament, the IMF will have to be called in, and doubtless money will have to be borrowed at interest, from this august body.**

**Now, I hope you will allow me to explain to you in a bit more detail. This is not rocket science; in 1957, the Soviets launched Sputnik I; that was rocket science. In 1969, Neil Armstrong walked on the surface of the Moon. That was rocket science. The same species that put a man on the Moon can't grasp the concept of debt-free money? Very strange.**

**In February, 1927, the English music publisher and composer Lawrence Wright was in New York where he spoke to the band leader Jack Hylton who was in Wright's London office. This telephone call which lasted about half an hour cost around £150, a staggering sum in those days. Today, you can walk into your local Internet caff and for a humble quid speak by Skype to people on the other side of the world at the same time you send half a dozen E-mails and watch David Haye retain his world title.**

**A report in the "New Scientist", April 18, 1992 revealed that in the 1950s, an electronic circuit that could store a single 'bit' of information cost more than a pound "Today, a penny will buy 5000 of them.".**

**Since then, there have been even more staggering advances in technology; it is probably no exaggeration to say that the average schoolboy on his bedroom computer or the businessman on his laptop has the same sort of computer power at his fingertips that would have filled Wembley Stadium in the 1950s.**

**While it is true that advances in other fields have been less spectactular, it is also true nevertheless that manufacturing outputs of textiles, capital goods, even food production, have increased enormously. There is no shortage of technology, machinery or willing hands, but there is a shortage of money.**

**One of my colleagues in the Forum For Stable Currencies informs me that the Treasury no longer records M0 as part of the money supply, the coin and note issues being considered too insignificant. The only money that is recorded is that which is created by the banks – out of nothing. We are agreed on that. We are also agreed, I think, that money has no tangible existence. Leaving aside the too insignificant to quantify notes and coins, and any bits of paper associated with open market operations, Treasury Bills, etc, the entire money supply exists only as figures in a book or as blips on a computer. When I say money has no tangible existence, I mean that in reality it has no existence at all. It is not like the wind, which although invisible we can feel, and at times see the terrifying results of its effects. It is not even like X-Rays or background radiation which we cannot even feel or generally see the effects of, although they can be measured or even weighed.**

**When were told there was a credit crunch, meaning there was a shortage of credit, or when we are told now that the government has no money in its coffers, we are being told in effect that there is a shortage of nothing, and that because of this shortage of nothing, public services must be cut, much needed homes cannot be built, students leaving school cannot attend university, and people cannot buy the goods that are literally falling off the shelves, that traders and manufacturers must go to the wall because there is a shortage of nothing, and because even though the British Government has the power to create this nothing and distribute it to the people: pensioners, students, working people, small businesses and larger corporations, the Treaty of Maastricht says it may not do so.**

**Sadly, although Maasticht is a fairly new – and sinister – development, this situation is not new. At the outbreak of the First World War, Britain was insolvent, ie bankrupt, but as Professor Quigley points out "Wars, as events have proved since, are not fought with gold or even with money, but by the proper organization of real resources" and at the outbreak of the Great War, "the bankers secretly devised a scheme by which their obligations could be met by fiat money...but, as soon as that crisis was over, they then insisted that the government must pay for the war without recourse to fiat money...but by taxation and by borrowing at high interest rates from bankers."**

**Which is exactly what happened; during the War, output had never been higher, although there was a shortage of consumer goods, there was no shortage of either capital goods or ordnance, yet as soon as the conflict is over, and there is peace, suddenly there is also a recession. Barely two decades later, the same thing started all over again, and the British Government operated a cheap money policy so that Britain – and every other nation on both sides of this unnecessary conflict – could churn out large quantities of capital goods and ordnance in order to inflict murder and mayhem on the other side, and destroy the infrastructure of much of Europe. No one asked where is the**

**money to come from? How can we afford to fight this war? They just did it. Yet strangely, as soon as this war is over, the banks have to be "re"-paid with real money for something they created out of nothing and doesn't really exist. And so on to this day.**

**Why does the Treasury continue to see the Emperor's non-existent new clothes?**

**It is not even as if this was anything new, in the "Financial Times" of September 26, 1921, at page 2, Prime Minister Lloyd George was informed that "the banks of this country are now in five big groups, and that half a dozen men who control them can make or ruin the entire nation" with the stark warning "Does he, and do his colleagues, realise that 'half a dozen men' at the top of the five big banks could upset the whole fabric of Government finance by refraining from renewing Treasury bills?"**

**The British Government is in that position right now; may I suggest that bearing in mind both your reference to the Maastricht Treaty and the insignificance of M0, a way out of the current malaise would be for the Treasury to print – in the name of the Crown – around four billion pounds, and spend it into circulation before the election? This is about the sum the Government is currently borrowing. There will not of course be time for [the] stimulus this will give the economy to take effect, but if there is a hung Parliament as is widely predicted, it may buy The Great Leader a little time to make a pact with the new rising star, Nick Clegg, and keep at bay the worst of the cuts that would surely come with the election of Call Me Dave. Printing money is not without cost, but the actual cost will be insignificant in comparison with the interest that would have to be paid should such money come from either the banks or from the IMF.**

**Yours Sincerely,**
**A Baron**