

PositiveMoneyNZ



Newsletter #46 – Talk in Hastings and the Iceland PM commissions a paper on monetary reform.

Welcome to our 46th newsletter. Here is a link to [previous newsletters](#).

Don will be talking in Hastings on Saturday the 9th May on money creation and the New Zealand economy. The venue is Gordon Black Hall: Corner of Queens Street East and Park Road North, Parkvale, Hastings - 9:30 till 11:30. You are welcome to attend and please invite anyone you know in Napier or Hastings to the talk. Here are posters [A4 size](#) and [A3 size](#) that you can also put up.

Frosti Sigurjonsson, member of the Parliament of Iceland and Chairman of the Committee for Economic Affairs and Trade, [compiled a paper](#) outlining the need for a fundamental reform of Iceland's monetary system.

The report, commissioned by the Prime Minister, considers the extent to which Iceland's history of economic instability has been driven by the ability of banks to 'create money' in the process of lending.

The Icelandic economy has struggled with inflation and unstable exchange rates. Iceland also suffered one of the costliest banking crises in history. The report describes how commercial banks in Iceland created far more money than was needed for economic growth. The Central Bank failed to bring the money supply under control using conventional means.

The report considers various reform proposals and concludes that the Sovereign Money proposal could provide a sound basis for effective reform in Iceland. According to the Sovereign Money proposal, the state owned Central Bank would become the only creator of money in the economy. Furthermore, the power to allocate money would be separated from the power to create new money.

The Central Bank would handle creation of money while Parliament would vote on how new money is allocated. The proposal aims to reduce the risk and instability of the monetary system, reduce debts substantially and direct the income from creating money to the state instead of commercial banks.

During April we also:

- Mentioned that two Dutch professors compiled a paper on debt free money and full reserve banking, titled "Sustainable Finance Model". They support the "Ons Geld" citizen's initiative, and "Ons Geld" will use the paper as part of their report to the Dutch Parliament for their debate on monetary reform. "Ons Geld" have more than 110,000 signatures, well above the 40,000 required to trigger a debate.
- Posted an article on the Reserve Bank is calling for the Government to look at [untaxed capital gains on property](#). Predictably the Prime Minister did not support the idea.
- Sent [a response to the Reserve Bank](#) – asking for their definition of "money". We also asked for [an update on our complaint](#) where we said the bank had misled the Broadcasting Standards Authority.

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- Our Auckland spokesperson Michael Blakely attended a training day for members of the Auckland Peace & Justice Commission members, The Living Wage Movement, The Child Poverty Action Group, Anglican Church and other church representatives. About 90 people attended including Labour MPs, Carmel Sepuloni and Jacinta Adurn. Michael had meaningful discussions with a number of members on modernizing the money system.

Finally remember that membership of Positive Money New Zealand for 2015 is now open. Please go to [our membership page](#) and show your support by signing up. A year's membership costs \$20 for waged and \$10 for unwaged.

Don Richards and Sue Hamill