

From: doug clark
To: [callforevidence](#)
Subject: Response to call
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Please find below my response to your call

Doug Clark

A CASHLESS UK

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It is a widely believed that banks lend only the money in their vaults. This is a myth. Banks have a licence to create money out of nothing – at the mere stroke of a computer key! R G Hawtrey's article on "Money" in the Encyclopaedia Britannica (14th Edition, 1929, volume 15, page 698), says: "Banks lend by creating credit; they create the means of payment out of nothing". In 2014, the total UK money supply was £2.1 trillion – but, a staggering 97 per cent of this had been created out of nothing by the banks as loans; only 3 per cent, £62 billion, had been issued as legal tender in the form of Bank of England notes and Royal Mint coins. Almost without knowing it, we have transferred huge, unaccountable power to the private banks. Most of the money supply is controlled by 56 unelected individuals – the directors of the five major banks. These licences to create money ex nihilo should be revoked - only the state should have the power to create its currency.

According to the British Retail Consortium debit cards have now overtaken cash as the most popular form of payment in the UK. Visa has even considered offering incentives for British businesses to go cashless (The Sunday Times, 16 July 2017). At present, credit card companies have the legal right to refuse anyone a card or to revoke an existing card without giving reasons. It has already happened! How would one function in a cashless society without a card? Should our entire financial system be in the hands of private companies – many based in faraway countries?

What is here proposed is that if the UK becomes a truly cashless society – then the replacement of cash (coins and notes), should be entirely in the hands of the government. In this system, everyone would be given a unique UK Treasury Cashless Account ("TCA") – just as now every UK resident has a unique NI number. The only "money" in your TCA would have been put there by you, or your employer or your pension provider. This account would garner no interest. The issuing and ownership and administration of TCA cards would be exactly as it is for UK cash at present. Think of a TCA, and treat it, in exactly the same way as currently you think and treat your purse or wallet. In fact, your TCA would be your purse or wallet! You would be provided with a TCA plastic card (or equivalent), which you would use to purchase anything that you can buy now with cash or credit or debit card. But, unlike using your current credit card, it would not cost you or a vendor a single penny on top of the cost of the item you are buying – just exactly as if you are paying with coins or notes. At present, credit card companies charge the vendor (and so ultimately you) for the privilege of using their cards to spend your money. Just as there is no going into the red with your wallet, so there would be no overdrawing of your TCA. Once it is empty, that's it – as with your wallet, replenishment is your responsibility. Cash in the form of coins and notes would, of course, completely disappear and be replaced by TCA cards.

The convertibility issue for those leaving or entering the UK would be dealt with by the UK port of entry authorities, and might involve the issuing of temporary TCA cards to visitors.

One enormous advantage of this TCA system would be the privacy issue. Nobody could monitor, and hence data mine, your spending habits. Only under clearly defined circumstances would the government have access to TCA card data. At present, whenever you use a plastic card, the private card providers know exactly what you bought, how much you spent and even where you were when you made the purchase. Recently, there have been a number of well-documented cases where people have been tracked down almost exclusively via their use of cards. Not only the banks and card companies, but retailers (for example the supermarkets) also can have this personal information and can use it to track what you buy and (amongst other things) send you targeted advertising. The threats from hacking daily become clearer. Even more sinister, it is not generally known that card companies have the power to deny someone access to a card and even rescind an extant card - all without giving reasons. What would a person do in a cashless society if they did not have a credit or debit card?

Before the private banks and card companies take complete control of our UK financial system let the government take the initiative, and wrestle back control over our legal tender.