

Alternative Monetary System: Republic of Saltspring Dollars

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Season's Greetings to All and a Prosperous 2002:

Let me add my 2 cents worth:

I had occasion to write an article for the Monetary Reform Magazine on the Guernsey Monetary System on the Island of Guernsey in the English Channel, just off the French coast. Both Guernsey and Jersey, famous for their dairy cows, are what is called a 'Bailiwick' or territory under the authority of a Bailiff or Sheriff. This all goes back to the 13th century and before to 1066 and the Norman conquest.

These islands are semi-independent and are not actually part of the UK and not responsible to Parliament. They are directly responsible to the Crown and Privy Council. They do have a defense agreement with the UK.

Back in 1816, they were bankrupt due to the Napoleonic Wars and were in a desperate situation. High unemployment, extremely high debts, poverty, large emigration, no services or public infrastructure and worst of all the island was being washed into the sea due the deteriorating dikes and sea walls.

Desperation has a way of broadening one's vision and the Council decided to strike a committee to look into this situation. The committee reported that there was only one way out and that was to print their own money, hire contractors and repair the sea walls immediately. This was all well and good except that the merchants wanted to know how they were going to get rid of this money if they accepted it. The Council agreed that all taxes could be paid in this currency. Thus, a circular system was created from creation of the bank notes to eventual destruction. This all worked well and all notes were recovered and burned as agreed. In the process, a church, a war monument and some repairs to sea walls and dikes were completed.

Then, in 1822, they once again printed 4500 - One Pound notes to construct a covered market building. This was completed and every year 450 notes were burned. At the end of 10 years all the notes were gone and the building was debt free at zero interest. This building still stands to this day with two additions all paid for with 'printed money'. The Council still owns these buildings and I estimate that they have returned at least \$5 million or more in today's money to the Treasury over the past 179 years. This profit has, of course, been used to finance other public projects and today Guernsey has a flat income tax of 20% and no other taxes. They are not needed.

The current circulation is about 17 million Pounds and this in effect is an 'interest-free' loan to the Treasury from the note holders. The benefit to all citizens of Guernsey are

very low taxes, excellent public infrastructures and lower prices compared to the UK, which is still paying for the War of Independence against the Americans, plus all other war debts.

This massive public debt, which is totally unnecessary, causes both inflation in prices as the interest must be paid by taxing everything and immense poverty, not to mention vast lost opportunities to create all manner of beautiful public works and infrastructure.

It boggles the mind that the solution to our economic problems is so simple and authorised by our Constitution. In Canada, we are very fortunate to own our central Bank of Canada, which is NOT the case in the US or UK. We could simply issue all the money needed for federal, provincial or municipal public works at whatever interest we decided was reasonable or at zero interest if we were really smart. The interest goes back to the Bank of Canada and is then paid as a dividend to the Federal Treasury at year-end. They do this now on their excess profits. Furthermore, the Bank of Canada could charge a 'royalty' on all commercial bank loans of, say 0.5%. This 'royalty' which is for the privilege of creating money out of nothing, which is now how 95% of all 'money' is created by the chartered banks, would bring in billions of extra revenues and do away with all manner of idiotic taxes.

The Republic of Salt Spring could do the same. Issue SS Dollars for all manner of public works, charge a 'royalty' on all commercial loans issued by banks under SS Charter, tax land (not improvements) at say 1% of its assessed value. There would be no need for any income or sales taxes and we could probably issue a 'national dividend' to all citizens of any excess revenue.

The State of Alaska does this now with excess oil revenues. Each resident gets US\$1000-1500. The penalty for fraud is severe: jail, total loss of all future dividends and repayment of all past dividends. BUT, some still try it and a few get caught and loose everything.

Needless to say, the banks and the wealthy won't like it because they 'print' the money and run the nation for their own benefit.

Had enough yet?

Best regards,
Baron Fowler