

Questions & Notes

Class 2b: Money – Financial Failure of 2008 & Public Control of the

1. What is money?

Before Money

Gift economy

First money

Items with useful value — Debt first 5000 years

cosmetics

adornment — gold & silver

cow hides in California

Paper money

Initially based on items of value

Gold

Fiat money

Faith & trust that you can buy milk at local store

Credit cards

money as debt

How Fractional banking creates money

2. Who should control the money supply?

Money supply part of the commons

We all rely on a stable monetary system

Traditionally government regulated

1680s private interests took over the bank of England

Colonial \$ cause of revolutionary war

Hamilton & Treasury secs in 1800s

Fed created in 1913

co-op of regional banks

infused with the culture of big banks

3. What happened in the 2008 Financial crisis

Banks invested in bad financial instruments

mortgage backed securities & synthetic derivatives

Rating failures

complex instruments unable to price

Insurance companies could not cover losses

Gov refused to save Lehman brothers

Banks could not trust each other

credit markets came to a shuttering halt

bringing the economy to a halt

Hank Paulson & Tim Geitner

Sec of Treasury & head of NY Fed

former CEO of Goldman Sachs & friend of Citigroup

Bail out big Wall street banks & Insurance companies
to cover losses

Goldman Sachs becomes a commercial bank to get the money

Increased size of the biggest banks

More big bank control of the monetary system

4. What have been the results of the 2008 financial crisis?

Increased size of the biggest banks

More centralized control of the monetary system by the big banks

5. How did repeal of the Glass-Steagall Act impact the 2008 financial crisis?

Established to separate investment banks & commercial banks
to protect depositor money being invested in risky assets

Repeal led all banks to invest in mortgage backed securities

collapse in mortgage market & derivatives

bankrupted commercial banks

Repeal in 1990s

Driven by Robert Rubin, Larry Summers

6. Why did the trade in derivatives cause such a problem?

derivatives have a purpose

became very complex

Synthetic gambling casinos

huge market

Insurance companies could not cover losses

7. Who was making the decisions around the bailouts?

Hank Paulson former Goldman Sachs CEO

Tim Geitner head of NY Fed & friend of Sandy Weil & Citigroup

8. How do trade agreements aggravate global financial problem?

eliminate financial controls

expand power of the banks

9. What kind of workable solutions are there for our financial system?

Reinstate Glass Steagall

Stop the Revolving door between banks and Treasury

Growth of banking influence in the Treasury

- Jack Lew, COO of Citigroup
- Single Payer health Care
- Tobin Tax on trading
- Windfall profits on resource extraction industry
- Abandon guaranteeing toxic debt
- Nationalize banks
- Restructure bonuses so cover longer time period.
- Campaign Finance Reform
- Herman Daily
- End Fractional reserve banking
- Increase the reserves so that we are dealing with real wealth
- Return control of the monetary system to the public realm
- public banking
- Break up the big banks — Allow FDIC to unwind big banks

10. What sorts of financial institutions are necessary for a new economy?

- Public Banking
- slow money
 - Connecting investors and local economy
- Woody Tasch
 - Will it work within capitalism?
 - Will it get bought out.
- Public lending funds
 - To job building institutions
 - To stable community enterprises
- local currencies or “hour banks” part of the solution? Why?
 - When Local economies are broken
 - Broad local acceptance
 - Keeps \$ money local
- How about regional currencies?
- Ukiah hours
- Seed

11. Is it possible to create an economy that maximizes happiness?

- Happiness
 - Bhutan
 - Mark Anielski in Fort Bragg
 - Genuine wealth
- Genuine Progress Indicator
- Measuring these broader categories than the GDP
- Genuine progress.net

Questions & Notes

Class 2b: Money – Financial Failure of 2008 & Public Control of the

1. What is money?

Before Money

Gift economy

First money

Items with useful value — Debt first 5000 years

cosmetics

adornment — gold & silver

cow hides in California

Paper money

Initially based on items of value

Gold

Fiat money

Faith & trust that you can buy milk at local store

Credit cards

money as debt

How Fractional banking creates money

2. Who should control the money supply?

Money supply part of the commons

We all rely on a stable monetary system

Traditionally government regulated

1680s private interests took over the bank of England

Colonial \$ cause of revolutionary war

Hamilton & Treasury secs in 1800s

Fed created in 1913

co-op of regional banks

infused with the culture of big banks

3. What happened in the 2008 Financial crisis

Banks invested in bad financial instruments

mortgage backed securities & synthetic derivatives

Rating failures

complex instruments unable to price

Insurance companies could not cover losses

Gov refused to save Lehman brothers

Banks could not trust each other

credit markets came to a shuttering halt

bringing the economy to a halt

Hank Paulson & Tim Geitner

Sec of Treasury & head of NY Fed

former CEO of Goldman Sachs & friend of Citigroup

Bail out big Wall street banks & Insurance companies
to cover losses

Goldman Sachs becomes a commercial bank to get the money

Increased size of the biggest banks

More big bank control of the monetary system

4. What have been the results of the 2008 financial crisis?

Increased size of the biggest banks

More centralized control of the monetary system by the big banks

5. How did repeal of the Glass-Steagall Act impact the 2008 financial crisis?

Established to separate investment banks & commercial banks
to protect depositor money being invested in risky assets

Repeal led all banks to invest in mortgage backed securities

collapse in mortgage market & derivatives

bankrupted commercial banks

Repeal in 1990s

Driven by Robert Rubin, Larry Summers

6. Why did the trade in derivatives cause such a problem?

derivatives have a purpose

became very complex

Synthetic gambling casinos

huge market

Insurance companies could not cover losses

7. Who was making the decisions around the bailouts?

Hank Paulson former Goldman Sachs CEO

Tim Geitner head of NY Fed & friend of Sandy Weil & Citigroup

8. How do trade agreements aggravate global financial problem?

eliminate financial controls

expand power of the banks

9. What kind of workable solutions are there for our financial system?

Reinstate Glass Steagall

Stop the Revolving door between banks and Treasury

Growth of banking influence in the Treasury

- Jack Lew, COO of Citigroup
- Single Payer health Care
- Tobin Tax on trading
- Windfall profits on resource extraction industry
- Abandon guaranteeing toxic debt
- Nationalize banks
- Restructure bonuses so cover longer time period.
- Campaign Finance Reform
- Herman Daily
- End Fractional reserve banking
- Increase the reserves so that we are dealing with real wealth
- Return control of the monetary system to the public realm
- public banking
- Break up the big banks — Allow FDIC to unwind big banks

10. What sorts of financial institutions are necessary for a new economy?

- Public Banking
- slow money
 - Connecting investors and local economy
 - Woody Tasch
 - Will it work within capitalism?
 - Will it get bought out.
- Public lending funds
 - To job building institutions
 - To stable community enterprises
- local currencies or “hour banks” part of the solution? Why?
 - When Local economies are broken
 - Broad local acceptance
 - Keeps \$ money local
- How about regional currencies?
- Ukiah hours
- Seed

11. Is it possible to create an economy that maximizes happiness?

- Happiness
 - Bhutan
 - Mark Anielski in Fort Bragg
 - Genuine wealth
- Genuine Progress Indicator
- Measuring these broader categories than the GDP
- Genuine progress.net

12. How can people create a new economy in their local area?

map the local Solidarity Economy on the North Coast?

To create local, self supporting, economic networks

Participatory budgeting

sustainable community forestry working in Mendocino County

REFI & The Conservation Fund

Bill & Linda?

Farmer's markets

WELL

Transition Towns

13. Why did the trade in derivatives cause such a problem?

Synthetic gambling casinos

14. Who was making the decisions around the bailouts?

Goldman Sachs

15. How do trade agreements aggravate global financial problems?

Used to establish global corporate rule and run roughshod over environmental, public safety and

Pro worker and consumer laws.

map the local Solidarity Economy on the North Coast?

To create local, self supporting, economic networks

Participatory budgeting

sustainable community forestry working in Mendocino County

REFI & The Conservation Fund

Bill & Linda?

Farmer's markets

WELL

Transition Towns

13. Why did the trade in derivatives cause such a problem?

Synthetic gambling casinos

14. Who was making the decisions around the bailouts?

Goldman Sachs

15. How do trade agreements aggravate global financial problems?

Used to establish global corporate rule and run roughshod over environmental, public safety and

Pro worker and consumer laws.