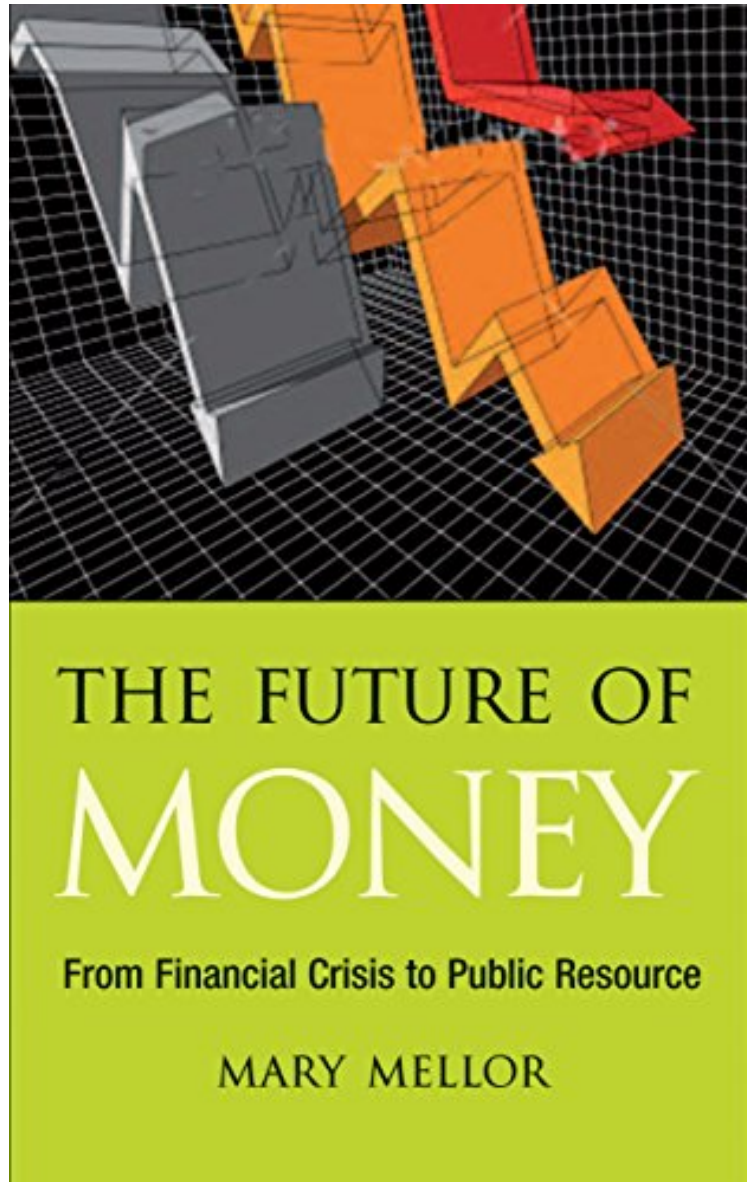


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The Future of Money: From Financial Crisis to Public Resource

Mary Mellor

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Mary Mellor : The Future of Money: From Financial Crisis to Public Resource before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Future of Money: From Financial Crisis to Public Resource:

4 of 4 people found the following review helpful. Simple, sharp and insightful book about the financial crisis By H.J. Becher This is a highly instructive book for anyone looking for insights into the current financial crisis. In the direct aftermath of the crisis, elites around the world claimed that its scale and effect were simply unforeseeable. Mary

Mellor's book makes a strong case for the opposite conclusion. The credit crunch wasn't a mere accident, but the logical breakdown of a flawed system. According to Mellor, one of the reasons why the financial meltdown came as a surprise was that governments and central banks became oblivious of the social and political base of money. While the modern system of money issue has shifted the direction of the economy towards private, commercial hands, the economic functioning of money continues to rely on social trust and public authority. This was evidenced when the privatised financial system collapsed and bankers quickly turned to the public sector for help. Although often decried and regarded as parasitic upon the wealth creating process, the state was suddenly expected to provide unlimited sums of money to stabilise financial systems. The neo-liberal rejection of financial surveillance and regulation enabled a spiralling increase in credit creation, debt securitisation and investments in financial products. Through shadowy banking systems, unregulated banks and non-bank financial institutions became entangled with the regulated banking system. In many cases, states were complicit in this process. The productive sector itself engaged heavily in financial trading. As Mellor points out, Enron started as a pipe laying company and ended up as speculators in energy trading. When money is only invested in money, as in any pyramid scheme, the system needs a constant supply of new investors, otherwise it will collapse. And as it ran out of markets, all that was left were the poor. But, whilst for credit companies the most profitable borrower is the regular defaulter who pays maximum interest and penalty fees, the sub-prime mortgage market proved to be a risk too far. "It's not without irony", Mellor points out, "that financialised capitalism fell because of its exploitation of the very poor." Given her analysis, it is no surprise that Mellor wants to reclaim the money system from the profit-driven market economy and make it subject again to democratic control. The current system of debt-based money creation triggers a permanent growth imperative within the economy, whereby work is undertaken to maximise profit and not for social benefit. According to Mellor, the system should shift towards a more ecologically sustainable economy, without destructive growth, and be more embedded in the totality of human existence within the natural world. This implies public ownership of the credit and banking system. Also, public money could be issued for social incomes such as pensions, or provide citizens with a basic income to support more creative, educational, community or caring work. To some this may seem utopian, but, as Mellor notes: "Reclaiming money as public money is not such an impossible task, given that the privatisation of money is an illusion, as the only mechanism that can guarantee the security of the money system is the public authority of the state."

Debt Democracy begins in the wake of the 2007 financial crisis. Mary Mellor shows that the unusual structure of the current monetary system lead to the perception that unpayable government debt was somehow the central problem. This unusual structure, Mellor argues, reflects a privatisation of monetary systems within late capitalist economies - the result of political choices, not inherent economic realities. Against private money, Mellor reaffirms the concept of public wealth and the public economy; public money, she points out, has always existed and the proof is found in the endless bailouts which support sclerotic private money markets. Exploring the question more broadly, Mellor looks at the false ideas about the origin and nature of money that have enabled calls for austerity. The book takes on the familiar rhetorical question about 'where the money comes from', showing that the real question is who owns and controls its creation and circulation. Mellor provides the empirical and theoretical basis for sustained arguments in favour of public money supply to meet social need. Debt Democracy makes a direct challenge to conventional economic thinking and explores a range of radical alternatives that can form the basis for socially just and sustainable economies. It will be of interest to scholars, activists and educators alike, as well as anyone who is interested in the politics of money in the neoliberal era.

'Despite our familiarity with money, too little is understood about money and credit. This book helps to lift the veil on our money system and by doing so will play a part in democratising that system' -- Ann Pettifor, author of *Just Money: How Society Can Break the Despotic Power of Finance* This book provides a much more progressive way of seeing the entire financial crisis -- Gary DymSKI Professor of Economics University of California Riverside, author of 'The Bank Merger Wave' About the Author Mary Mellor is Emeritus Professor at Northumbria University, where she was founding Chair of the University's Sustainable Cities Research Institute. She has published extensively on alternative economics integrating socialist, feminist and green perspectives. Her books include *The Future of Money: From Financial Crisis to Public Resource* (Pluto, 2002).