



“Banking on the People: Democratizing Money in the Digital Age”

by Ellen Brown (2019)

“How the US Financial System Has Gone Wrong and How to Rebuild It”

a review by Dick Burkhardt

Writer and activist Ellen Brown lays out a great overview of the origins of the 2008 Financial Crisis, then examines diverse proposals to transform Wall Street from a mammoth parasite to a more modest and productive creature serving the people.

For example: Turn the big banks and the Fed into public utilities, eliminating their speculative activities. Another example: Allow all citizens and organizations to have bank accounts at the Fed, eliminating many transaction costs. Another: Tax all financial transactions as 0.1% of sales, thus eliminating most other taxes and reducing speculation.

Another example: Establish networks of local, state, and regional public banks and infrastructure banks, with preferential financing directly from the Fed. Another: Eliminate all US national debt, first by having the Fed buy up and holding existing debt, second by authorizing direct Treasury spending instead of borrowing, subject only to budgetary and inflationary controls. Examples of applications: Finance the Green New Deal. Finance a Universal Basic Income.

Brown quotes many authorities and authors to help explain the more arcane aspects of banking and finance, helping to dispel a host of myths. Example: Why the Fed’s “quantitative easing” (printing money 2009 - 2014) did not cause inflation. Another example: Highly successful historical instances of direct government spending, without borrowing. Another: Successful public banks globally and historically.

However, Brown addresses banking in the recent centuries of global economic growth, not a world constrained by limits-to-growth, with ecological overshoot and eventual contraction or collapse. Fortunately, her ideas will also better prepare us for these immense challenges. But Brown needs to address escalating economic inequality more directly, such as highly progressive taxes or other measures to radically reduce large fortunes and incomes and luxury spending, in order to establish a more sustainable, just, and democratic political economy.