



Banking for a Livable Future

Why the Nation Needs a National Reconstruction and Development Bank and How it Could Be Used to Invest in Communities, Creating Jobs and a More Satisfying Life Not Dependent on Consumption of "Endless More."

by Ruth Caplan

We need our tax dollars to be used to create jobs where real work in the real economy will build healthy and sustainable communities,

First came the news of mortgage defaults, trickling in through a few human interest stories about poor families who slipped and fell down on the way to the middle class. Soon the press was reporting a crisis in subprime mortgages. Then with the news of the Bear Stearns collapse in March 2008, the crisis had hit Wall Street. The Federal Reserve, in a harbinger of what was to come, stepped in with \$30 billion to buy Bear Stearns' toxic assets. Housing, part of the real economy, was being crushed by the weight of the virtual economy built on speculation.

By now polling showed 3 in 4 people, who were trying to make do in the real world, believed that the country was in a recession. Economists, mesmerized by numbers and computer models, would take at least another 6 months to utter the "R" word.

Today we know Bear Stearns was just the tip of the "virtual economy" iceberg, which is in the throes of a meltdown. Rather than being built on the solid ground of real goods and services, the virtual economy has been operating as a gambling casino where money is borrowed to place bets on whether stocks will go up or down, where subprime mortgages are packaged and sold as AAA investments, and where unregulated credit-default swaps are sold as a form of insurance in an effort to prop up the system. Others have referred to the way the virtual economy is operating as a Ponzi scheme where exponential growth pays off fraudulent investments.

So, what we see now is the US Treasury and Federal Reserve bailing out the virtual economy while studiously ignoring the real economy of homes where people live and of the cars that people drive to get to work.

National Reconstruction and Development Bank

We need our tax dollars to be used to create jobs where real work in the real economy will build healthy and sustainable communities, while protecting our natural environment. This is exactly what the National Reconstruction and Development Bank (NRDB) is intended to do. The bank will make loans for investments in making our communities become a place where people can find pleasure in spending creative time together rather than staying on the treadmill of a consumer economy based on "endless more."



This is the moment to shift investment in the real economy away from our unsustainable path of "manufactured needs" and "planned obsolescence." As a bumper stickers says, "More fun, less stuff."

Top priorities for investments in our communities include:

- Municipal water/sewer infrastructure to ensure safe, affordable drinking water for everyone;
- Energy efficiency for our homes, office buildings and workplaces, public transportation, and decentralized solar/wind;
- High quality public education for all, including construction/renovation of schools;
- Improving health care by constructing/renovating clinics and hospitals and by maintaining adequate levels of staffing;
- Assistance to families who need help with mortgages to keep their homes and preserve our communities;
- Community and arts centers, playgrounds, recreation facilities, parks to enhance civic life.

These investments and others like them will provide permanent local jobs as well as essential services, enhance our social capital, reduce the cost of living, slow climate melt down, and help build an economy based on mutual enjoyment, not rampant consumerism that is destroying our planet.

We also need to invest in our national infrastructure so that vital services are not controlled by corporations. We can do this by:

- Fully funding public radio and TV to eliminate all corporate sponsorship and ensure unbiased reporting;
- Providing Medicare for All;
- Ensuring viable and affordable long-distance public transportation;

And we need to encourage regional recirculation of production and trade in goods and services that will minimize transportation costs and maximize reuse and recycling.

Funding for the NRDB should include:

- Taxing all investment transactions;
- Heavily taxing speculator profits;
- Enhancing progressive income and inheritance taxes; and
- Eliminating the tax preference for capital gains and overseas investments

Congress needs to authorize the overall allocations and appropriate the funds for national infrastructure, for regional recirculation, and for

