Stop banks from speculating on our money

Separate deposit banks from investment banks

In order to protect citizens' savings, public finances, and to finance the real economy, the principle of strict separation between deposit banks and investment banks was recently approved in Great Britain. However, lobbies managed to get its application postponed until…2019! This is obviously far too late. With the risk of a major crisis erupting soon on financial markets, this reform has to be implemented as soon as possible in order to protect the real economy.

To prohibit banks from speculating on anyone's and everyone's money, t**he "total separation" between retail banks and investment banks must be achieved.** This is one of the first reforms that Roosevelt passed in 1933 when he approved the Glass Steagal Act.
When Roosevelt passed this law, he gave banks only a few weeks to implement it. This is an absolute "must" if we want to keep huge global banks from taking European corporations hostage because they are "too big to fail".

Enhance funding of SMEs

Indeed, thanks to this reform, deposit banks would have to do much more for SMEs ("small and medium-sized enterprises") than they are doing today.

If banks can no longer use our deposits for indulging in speculative activities with a return of 10 or 15 %, they are more likely to reach out to SME managers looking to finance "normal" development projects.
In the same way, local authorities and Government should do everything possible to encourage creation and growth of SMEs. Special attention must be given to improving the guidance of entrepreneurs and to helping them with the daily management of their companies. Managing a company is never easy, but with a worsening crisis in perspective, needs for training, managing tools and opportunities for sharing with other managers are even more glaring.

We have spoken above about stress and strain in the workplace, suffered by a growing number of employees because of the fear of unemployment ("if you're not happy, go look elsewhere"). But the stress experienced by many SME managers who are subcontractors of big companies should not be underestimated. In sum, to reinforce our economic fabric and resist a potential tsunami, SME financing should be encouraged, managers helped to pilot their companies, and action taken in favor of a fair relationship between big corporations and subcontractors.

Put an end to the financial sector's irresponsibility

For several weeks now, speculators have been declaring outright war on the euro zone, and, via the euro zone, on global economic stability as a whole. Verbally denouncing, as does José Manuel Barroso, President of the European Commission, "the criminal nature of certain behavior in the financial sector", is not enough. We must act strongly to incapacitate them.

In the United States, the Federal Deposit Insurance Corporation (FDIC) decided on July 6, 2011 that managing directors of the biggest American financial establishments may **lose their remuneration retroactively should their companies go bankrupt. The State will be allowed to "recover remuneration from those managers" considered "plainly responsible" for their company's bankruptcy.** In other words, from now on, a negligence standard can be applied to these individuals, allowing the retroactive recovery of their remuneration in situations where they failed to show "the skills and attentiveness called for by elementary prudence in anyone occupying such a capacity in such circumstances."

This rule is crucial in bringing irresponsible leadership to an end. **We must implement it in every country** -- targeting not only the principal culprits (three in the case of the US), but the entire cohort of leading executives, business men and traders.

Similarly, Europe decided on October 18, 2011 to ban “naked CDS (credit default swaps)”. This is very good news but we must go further: abolish restrictive clauses which weaken the impact of this text, ban confidentiality in financial markets, impose clearing houses under public guardianship to OTC (over- the- counter) trading, and establish retroactive sanctions for those in charge who have behaved badly.

Develop complementary currencies

Beyond these emergency measures, we should think collectively about how the use of a single currency weakens our economy and social cohesion. In the same way a parasite or a fire propagates much more quickly through a forest counting a single species (pine for instance), a financial crisis in such a “monetary monoculture” is likely to contaminate, via its banks, the whole global economy in just a few days -- the “virtual” economy carrying off in its wake the “real” economy however potentially healthy and disconnected from speculation it had previously been.

On the other hand, an economy open to several moneys -- as was the case several times in history (notably between 1000 and 1290 in Europe) and as is the case today in several countries around the world (Switzerland, Belgium, Uruguay, Germany, England…) – is likely to show greater stability and resilience. The use of complementary currencies has helped to enhance some resources that today’s traditional criteria for determining GDP fail to take into account, and to invest massively in some projects of general interest without creating debt.

The emergence of local and regional currencies around the world (65 in Germany, 12 in France, dozens in the United Kingdom, hundreds in Brazil, and thousands in South America, etc.) confirms this point of view. The circulation of currencies which can only be spent within a given territory or for a certain type of activity is useful to promote relocalization and to prevent the economy from breaking up under the pressure of “market forces”.

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