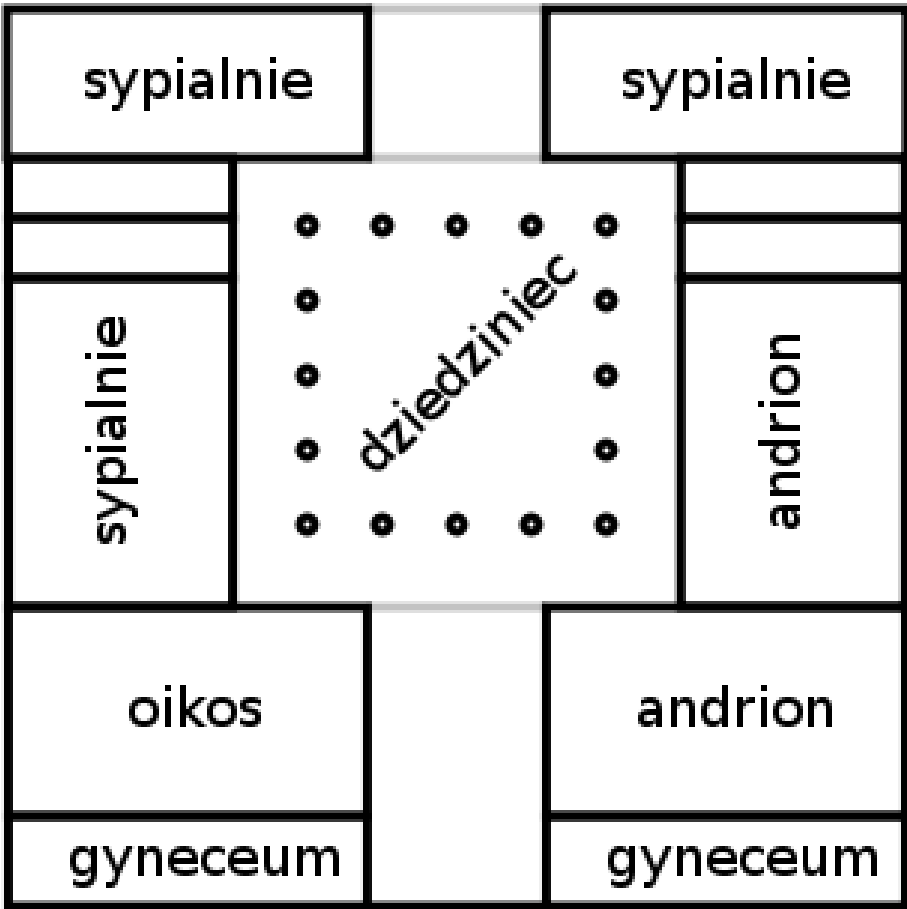


Economies

How we decide to allocate resources

—Dom Helder Camara

- “When I give food to the poor, they call me a saint. When I ask why the poor have no food, they call me a communist.”



Oikos

- An ***oikos*** (ancient Greek: οἶκος, plural: οἴκοι;) is the ancient Greek equivalent of a household, house, or family.
- English prefix: eco- for ecology and economics

Definitions

- Economics = management of home
- Chrematistics = 'making money', the pursuit of wealth, the science or study of wealth..
- What is commonly called economics is nothing of the sort, it is pure chrematistics.
- And we have been experiencing 'chremastasis'...being stuck in wealth, in money for some time now.

Meeting needs – Factors of production

- The great economic question..
- Who gets what, where, when and for how much?
- Economic theory is a rationale to help us understand how we make these decisions, it is not an end in itself!

Land



Labour



Capital



Goods and services

- How do we decide what to produce?
- Also how much and who needs it?
- How do we discover the right price for a good or service?

The minister of bread for London



Allocating resources

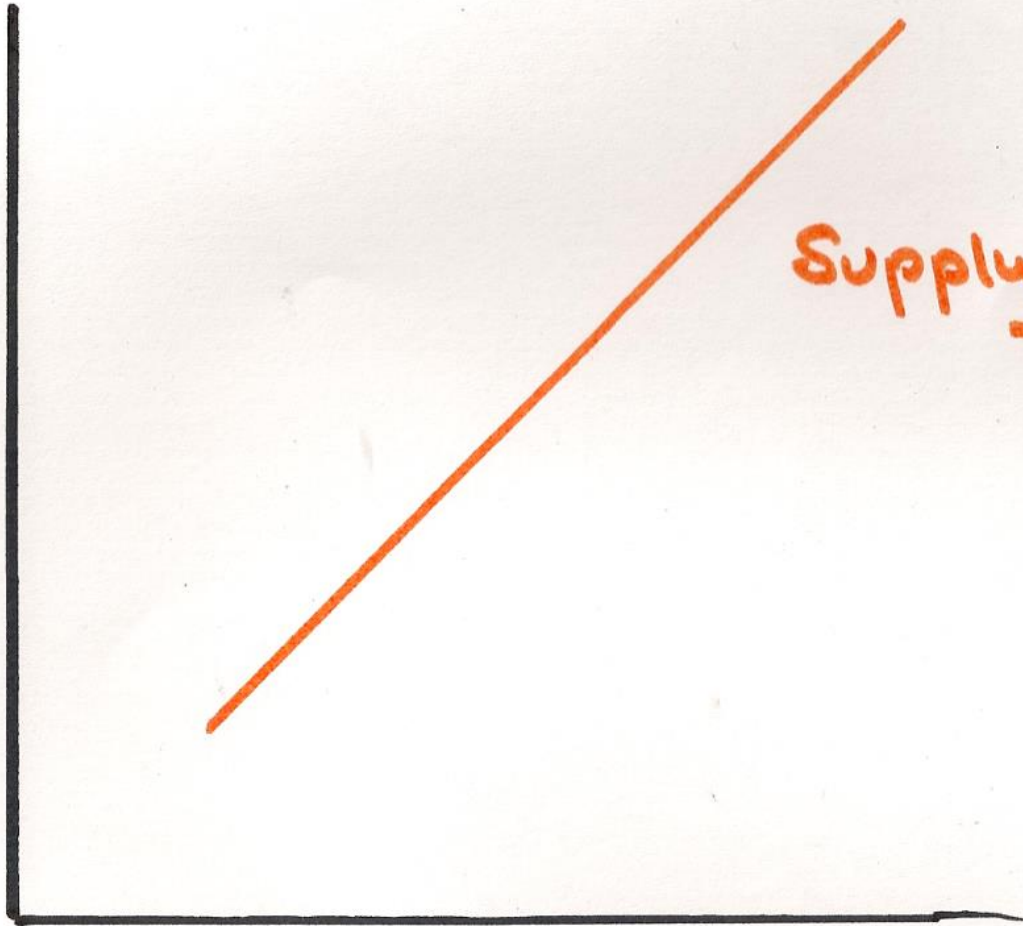
- Command and planned economies
- Market economies



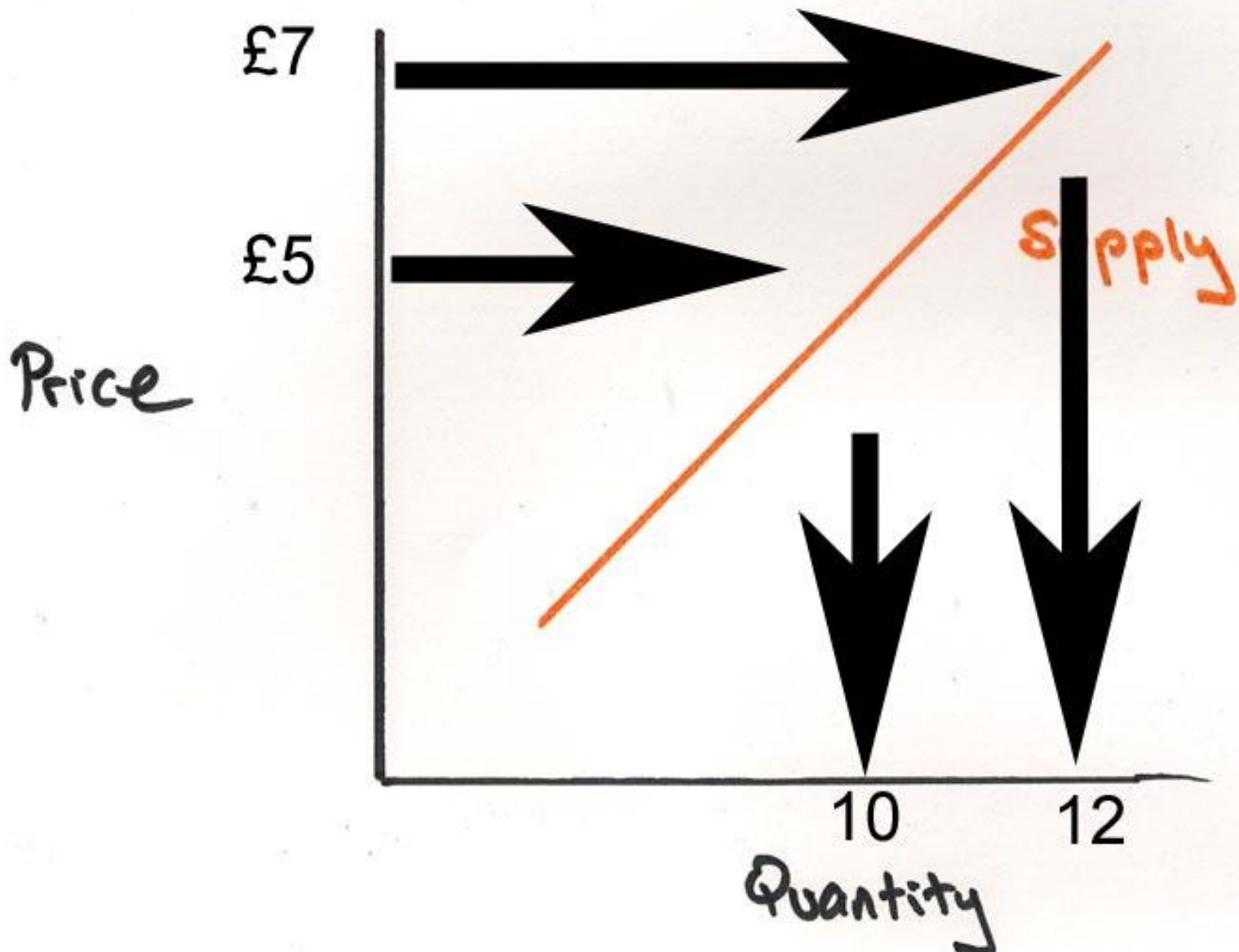
Upward sloping supply graph

- A prices rise producers have more incentive to supply a particular good or service

Price

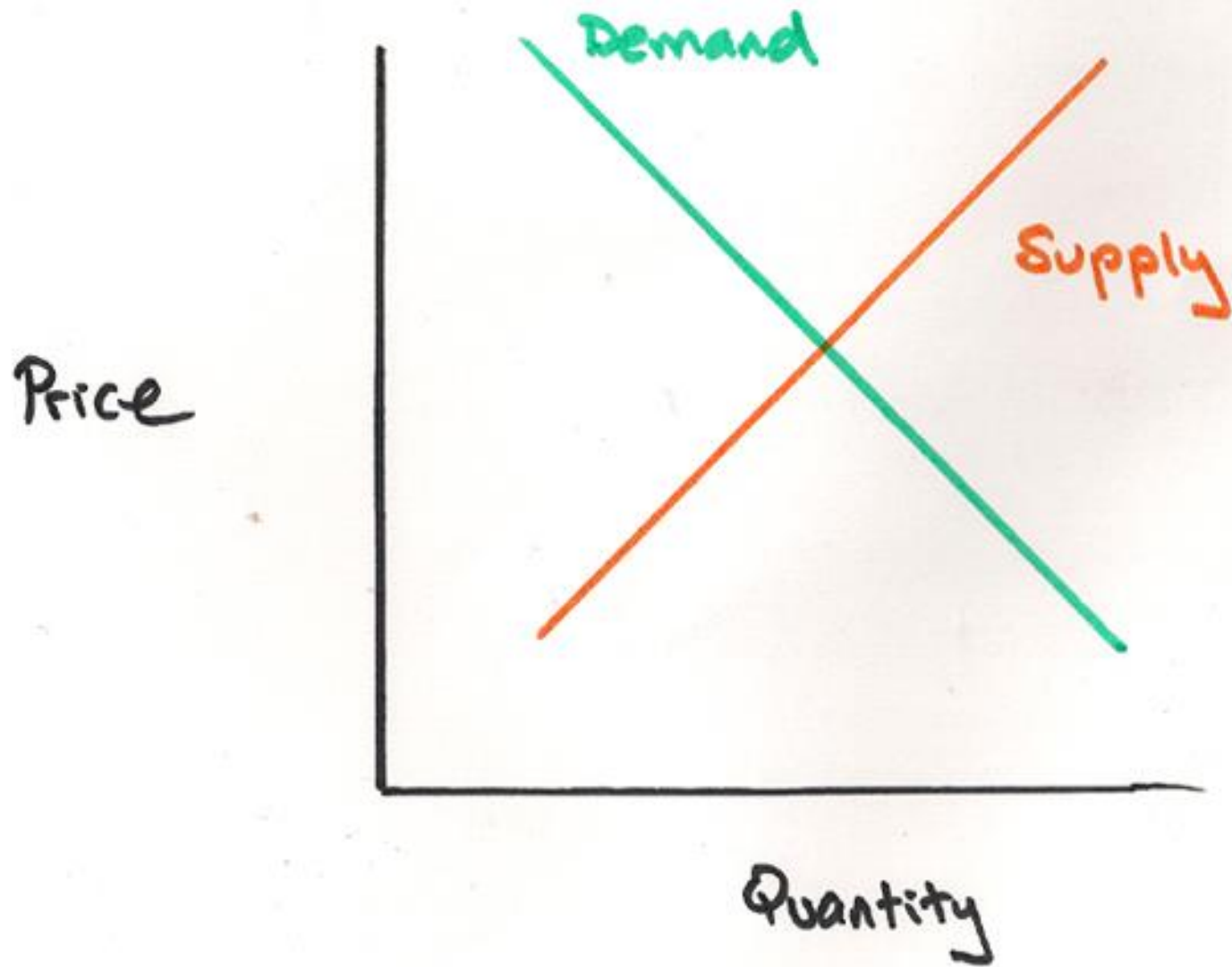


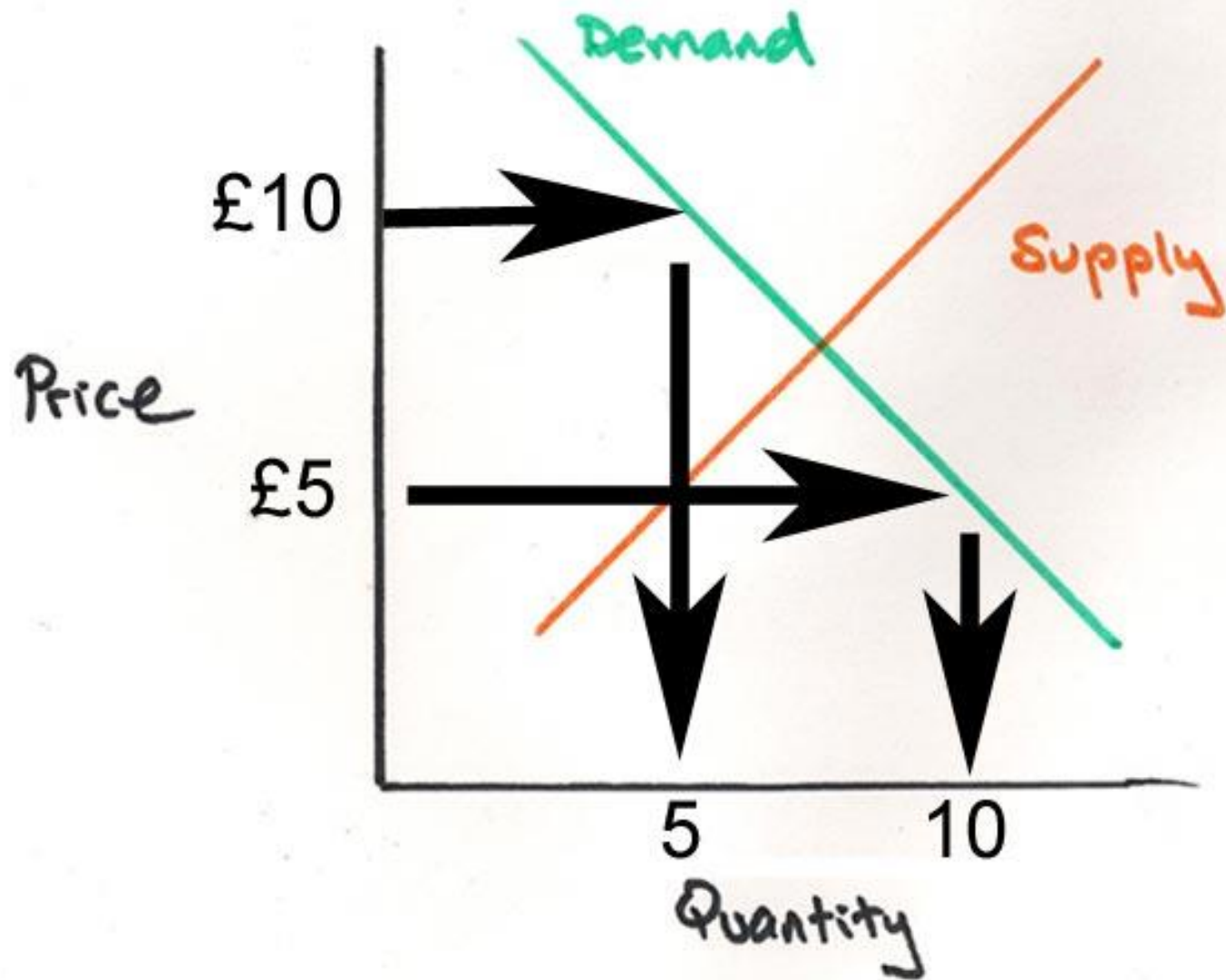
Quantity



Downward sloping demand

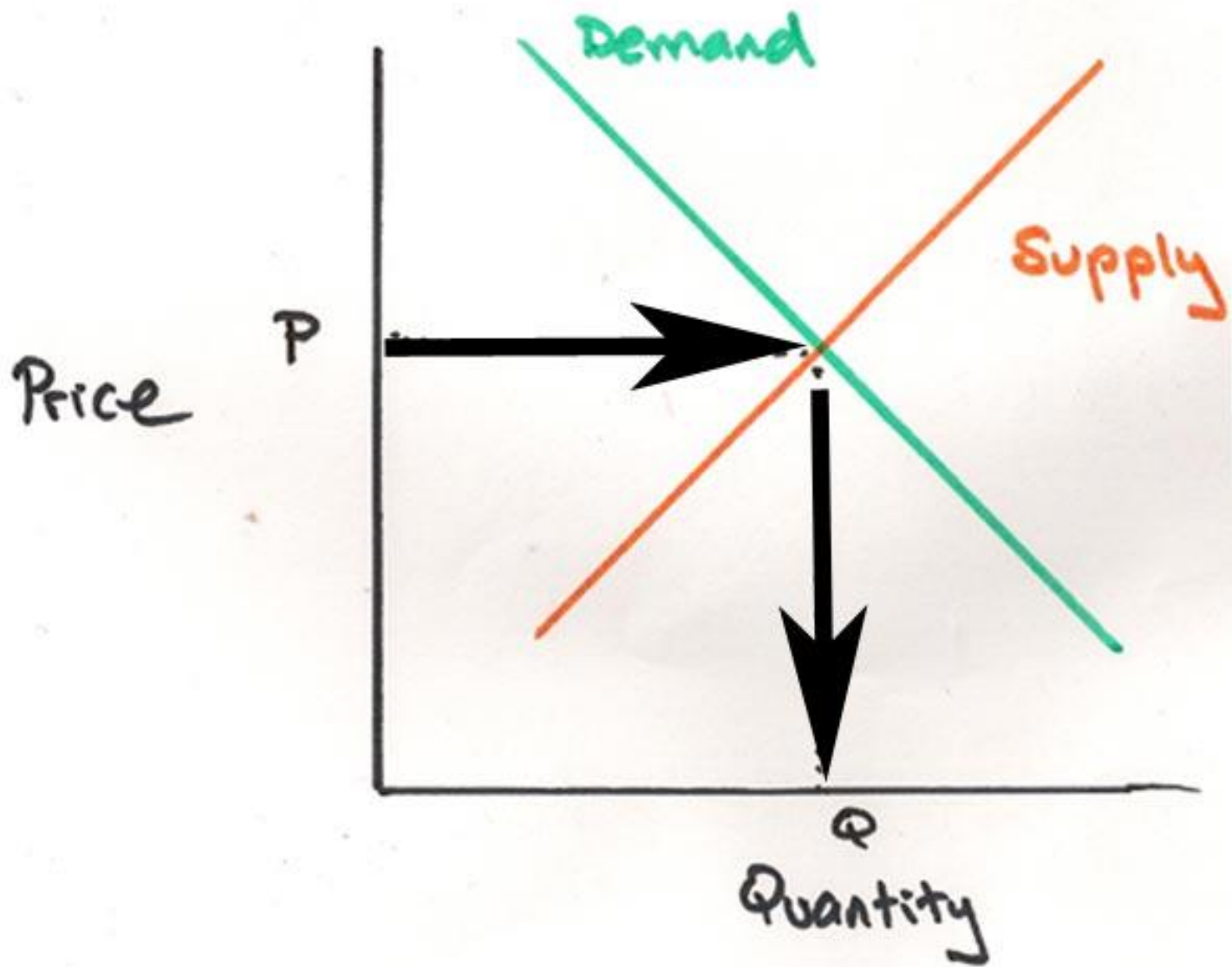
- As prices rise consumers are less willing to buy an particular good or service





Price discovery

- Interaction between the forces of supply and demand
- Mechanism for resource allocation





Free market Assumptions

- Homogenous product
- Full disclosure
- No single trader or cartel can influence the market
- Consumers make rational decisions
- Consumers have full information
- No barriers of entry or exit from the market



£20

LONDON
FOR THE GOVERNOR AND COMPANY OF
THE BANK OF ENGLAND

Andrew Bailey
CHIEF CASHIER

Bank of England

I PROMISE TO PAY THE BEARER ON DEMAND THE SUM OF TWENTY POUNDS

Twenty
Pounds



© THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND 2016

Bank of England

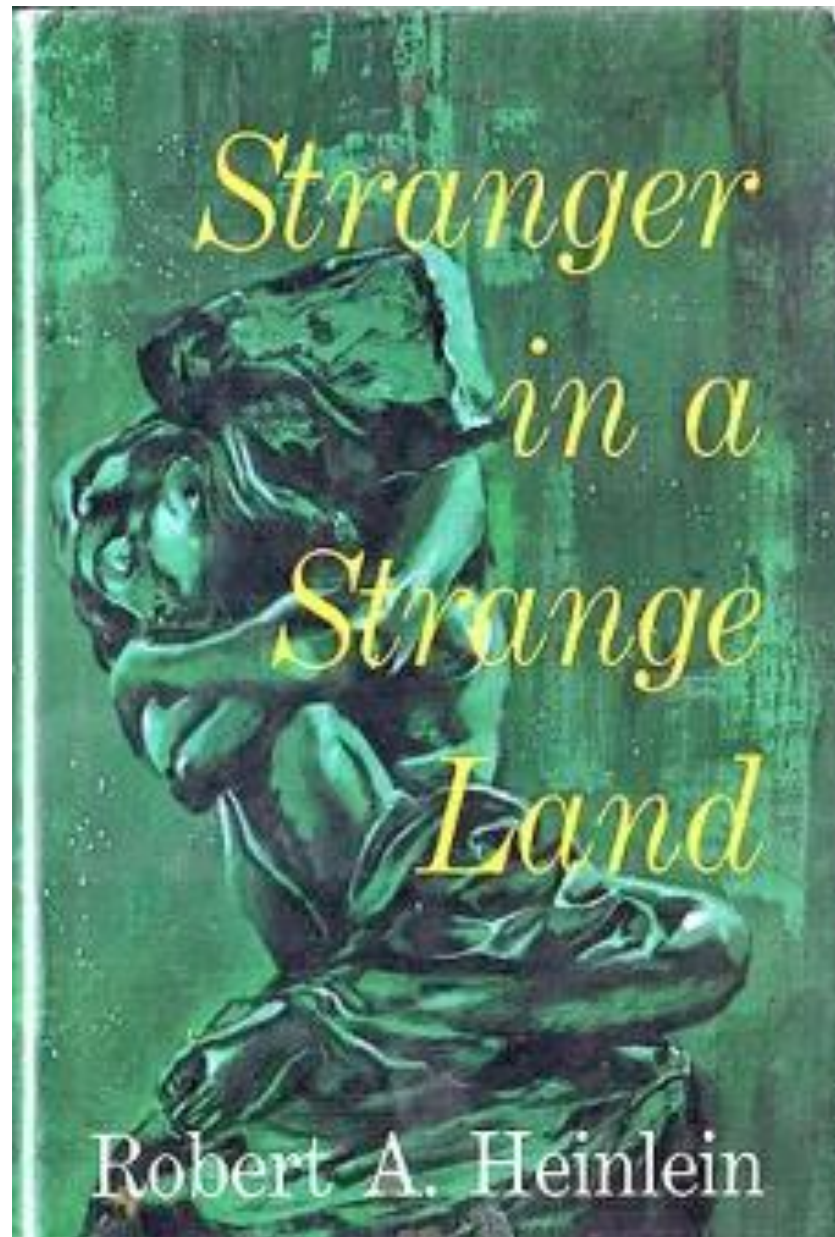
I PROMISE TO PAY THE BEARER ON DEMAND

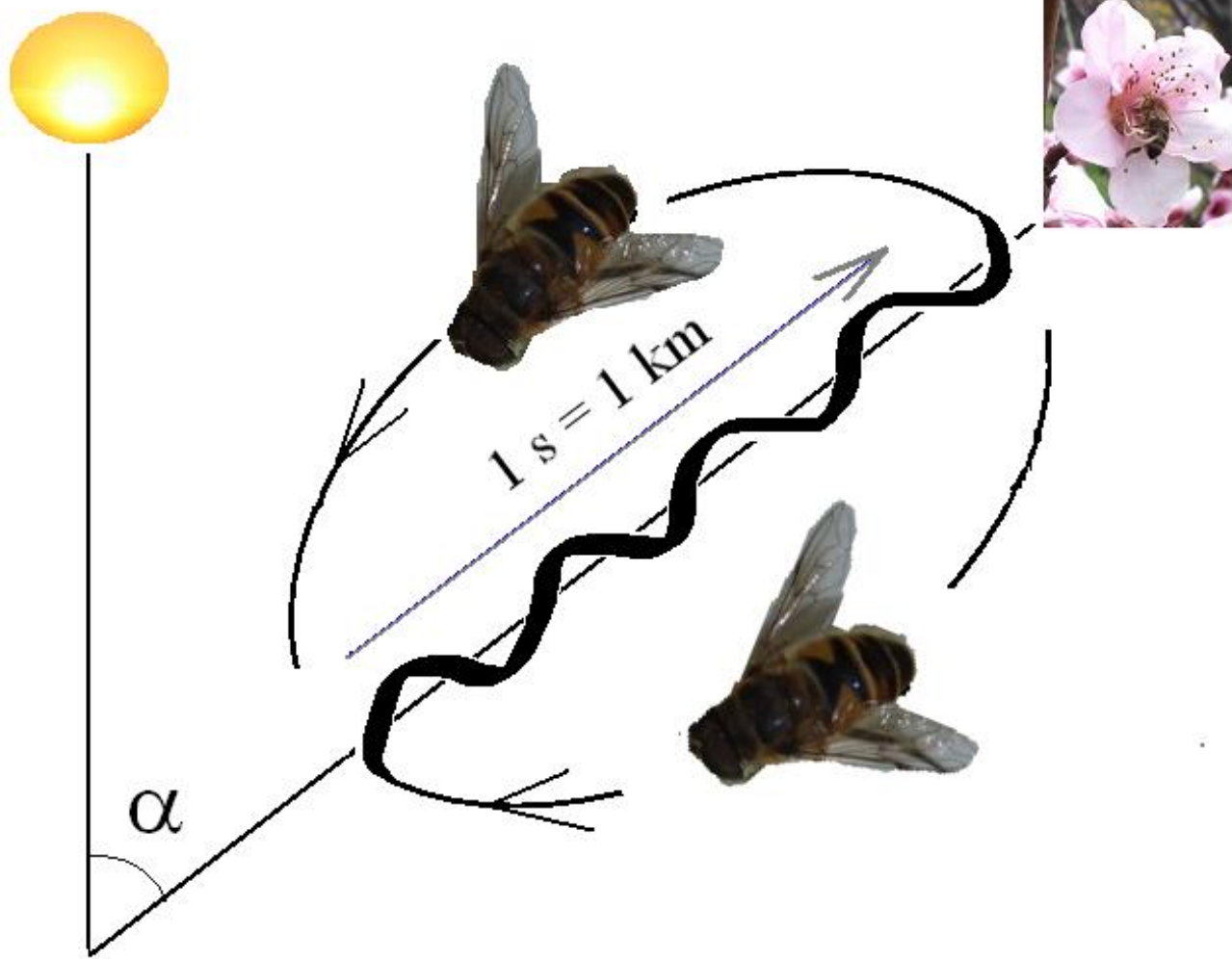
20

20

EUR



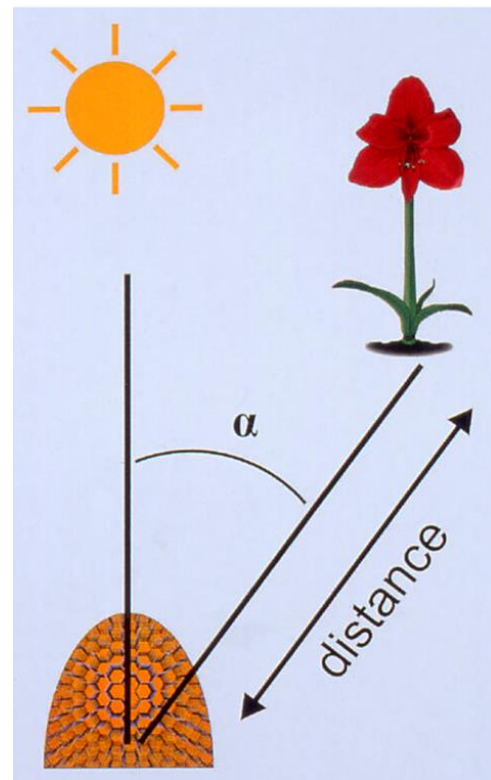




A



B



Functions of money

- Unit of exchange
- Unit of account
- Store of value
- Measure of value
- Method of deferred payment

- Needs to be divisible, durable and portable

What is money?





Yapese stone money



Alt currency



Bitcoin and crypto currencies



Money is information

- Decisions of how to allocate resources
- Feedback
- Rewards and incentives
- Future planning and investment

Capital creation and debt

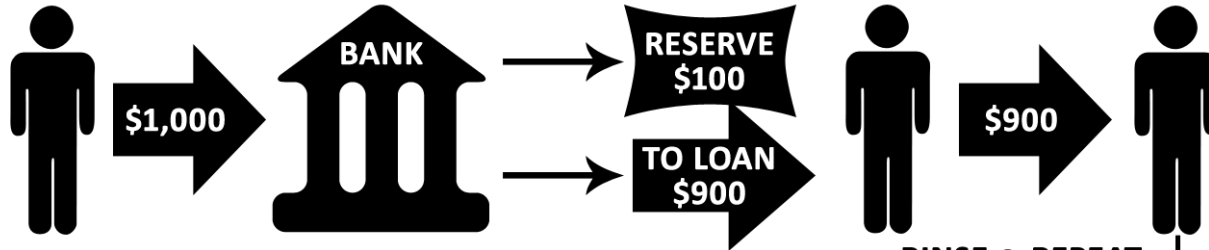
Credit creation

THE BASIC FRACTIONAL RESERVE BANKING CYCLE

1. DEPOSIT

2. LOAN

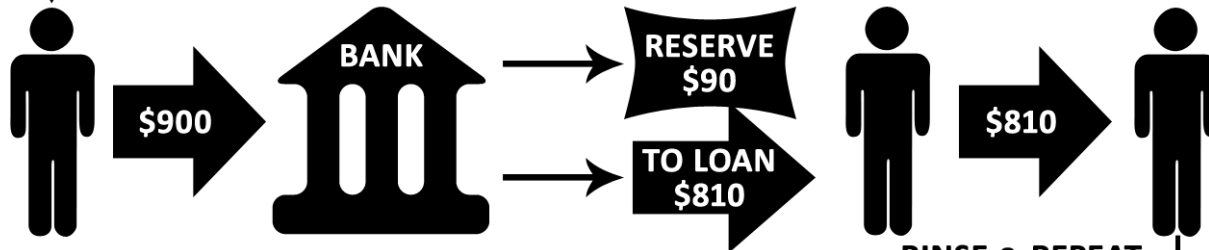
3. SPEND



AT THIS POINT THERE IS \$1,900 IN THE SYSTEM.

THE BANK HAS \$100.

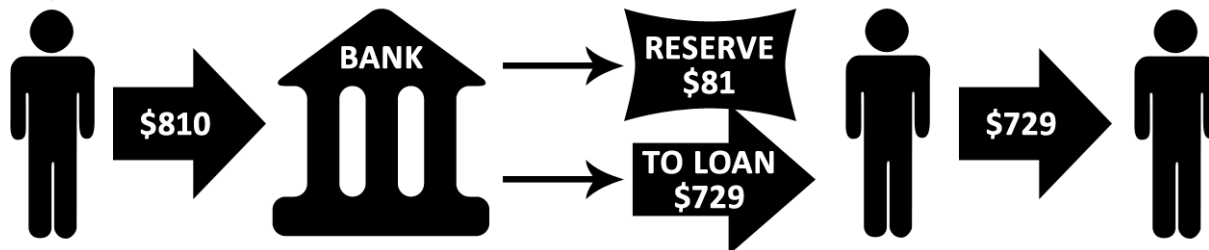
RINSE & REPEAT FROM STEP 1...



AT THIS POINT THERE IS \$2,710 IN THE SYSTEM.

THE BANK HAS \$190.

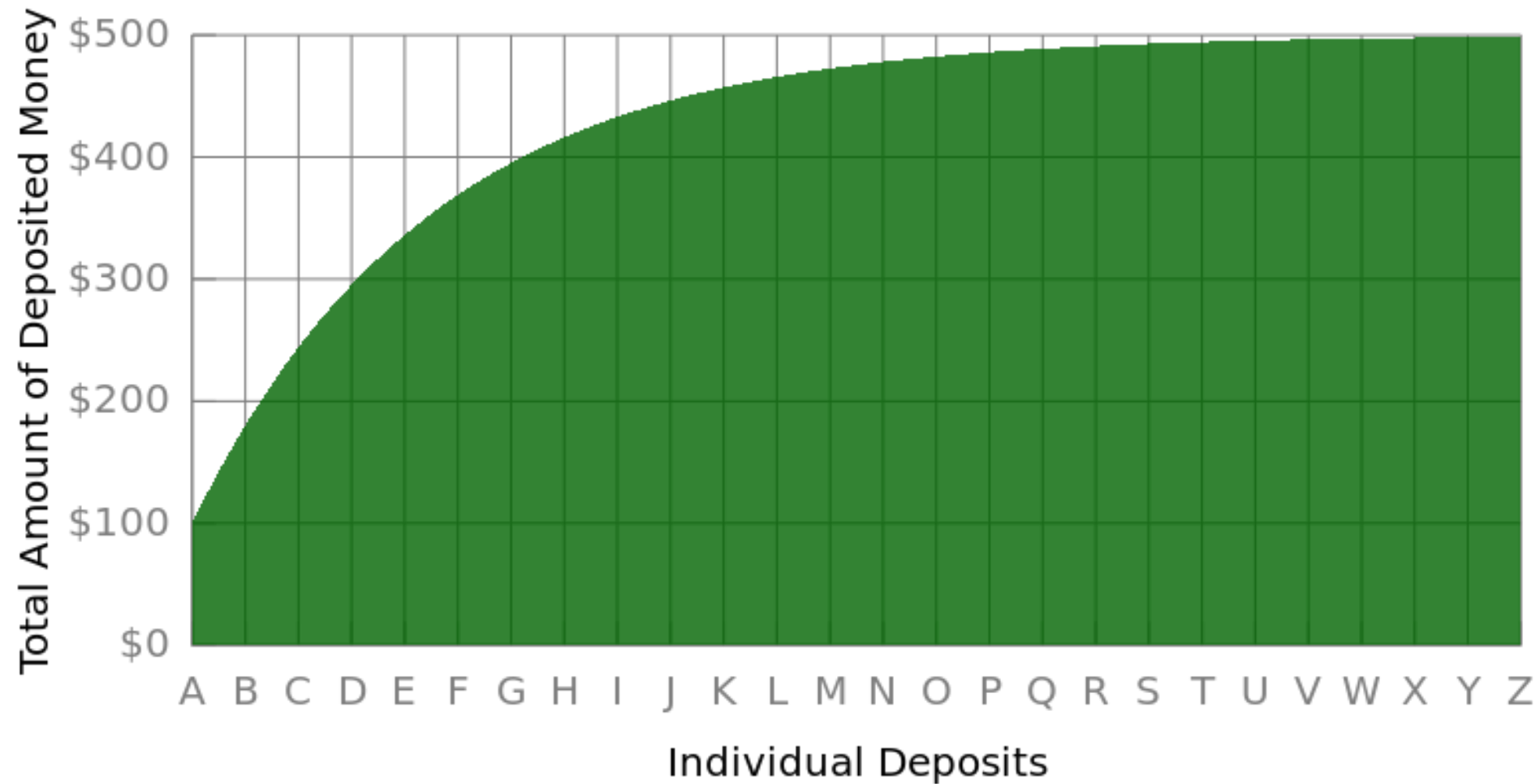
RINSE & REPEAT FROM STEP 1...



AT THIS POINT THERE IS \$3,439 IN THE SYSTEM.

THE BANK HAS \$271.

The Expansion of \$100 Through Fractional-Reserve Lending with a 20 % Reserve Rate



THE FILM THAT COST OVER \$20,000,000,000 TO MAKE

"A CRIME STORY LIKE NO OTHER IN HISTORY."
—CIVIC SERVANTS ASSOCIATED PRESS

"IF YOU'RE NOT ENRAGED BY THE END OF THE MOVIE, YOU WEREN'T PAYING ATTENTION."
—WNY AND KRONOS COLLEGE, THE

"STUNNING!" "WILL STAND AS A DEFINITIVE INVESTMENT PRIMER ON THE DISASTER."
—ARCHIMONTELL, MICHIGAN/COLORED —CIVIC SERVANTS ASSOCIATED PRESS

"A VERY ANGRY, VERY CAREFUL AND BRUTALLY CLEAR DOCUMENTARY ABOUT HOW THE AMERICAN FINANCIAL INDUSTRY SET OUT DELIBERATELY TO FRAUD THE ORIGINALLY AMERICAN INVESTOR."
—MONEY PRESS, CHICAGO/SUNSHINE

"A POWERHOUSE THAT WILL LEAVE YOU BOTH THUNDERSTRUCK AND BOILING WITH RAGE."
—KIM HETHURAN, LOS ANGELES TIME

"A MASTERPIECE! SCARIER THAN ANYTHING WES CRAVEN AND JOHN CARPENTER HAVE EVER MADE."
—WELLS HARRIS, THE EDITORS' CHOICE —BETH BRUBAKER, TIME OUT, SAN FRANCISCO

"SCRUPULOUSLY INTELLIGENT AND FASCINATING, QUITE ASTONISHING, I THINK IT'S AS RIVETING AS ANY WORK GETS."
—MARTIN TUKAL, NPR, ORG

"DARING!"
—THANADOO/SCHWABER

"GIVES TO BE A DEFINITIVE DOCUMENTARY ON THE COLLAPSE."
—THE POST

The Global Economic Crisis Of 2008
Cost Tens Of Millions Of People
Their Savings, Their Jobs,
And Their Homes.
This is How It Happened.

CANNES
FILM FESTIVAL

TORONTO
FILM FESTIVAL

TELLURIDE
FILM FESTIVAL

NEW YORK
FILM FESTIVAL

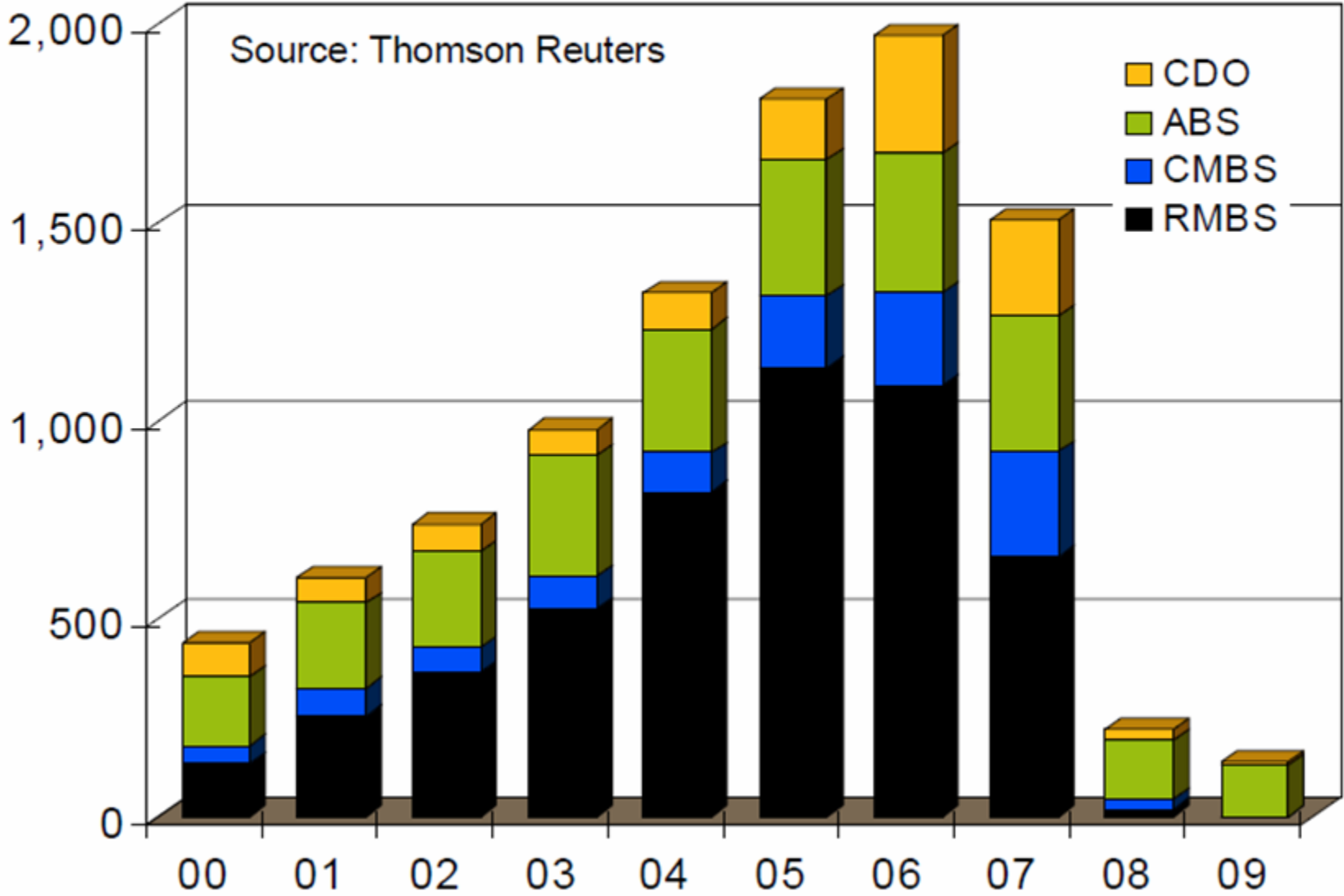
INSIDE JOB

DIRECTED BY CHARLES FERGUSON
NARRATED BY MATT DAMON

WWW.INSIDEJOBFILM.COM WWW.SONYCLASSICS.COM

Securitization Market Activity

\$Billions



The Quantitative Easing Behavioral Cycle

The Boom

5. "We've found the cure all"

4. "This should never be stopped"

6. "More QE can fix this bump in the economy"

3. "This is actually working"

7. "Maybe this doesn't work like we thought?"

2. "This is a temporary fix"

8. "This isn't working at all"

1. "This is a band-aid on a gushing wound"

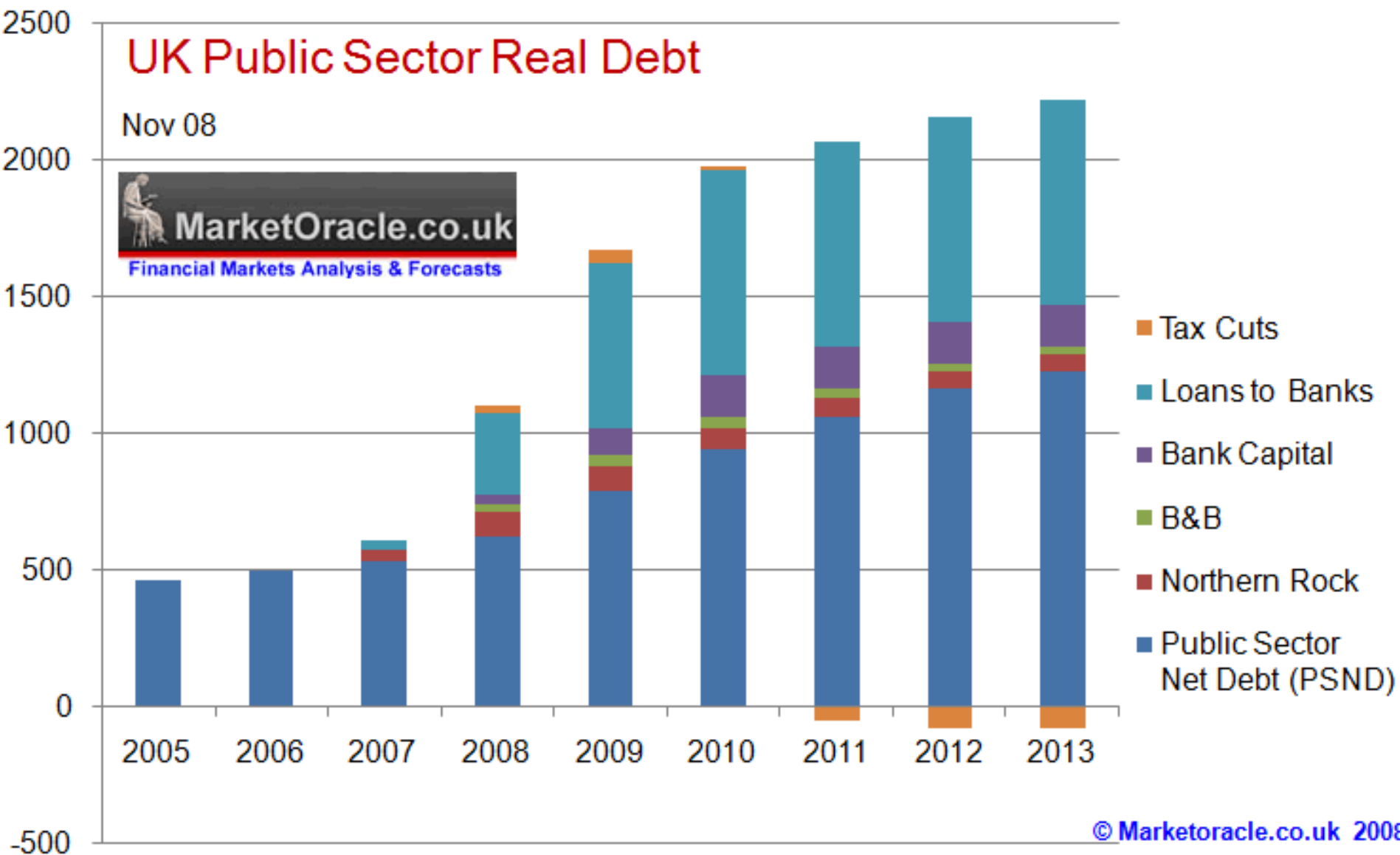
9. "This never should have been done"

The Bust

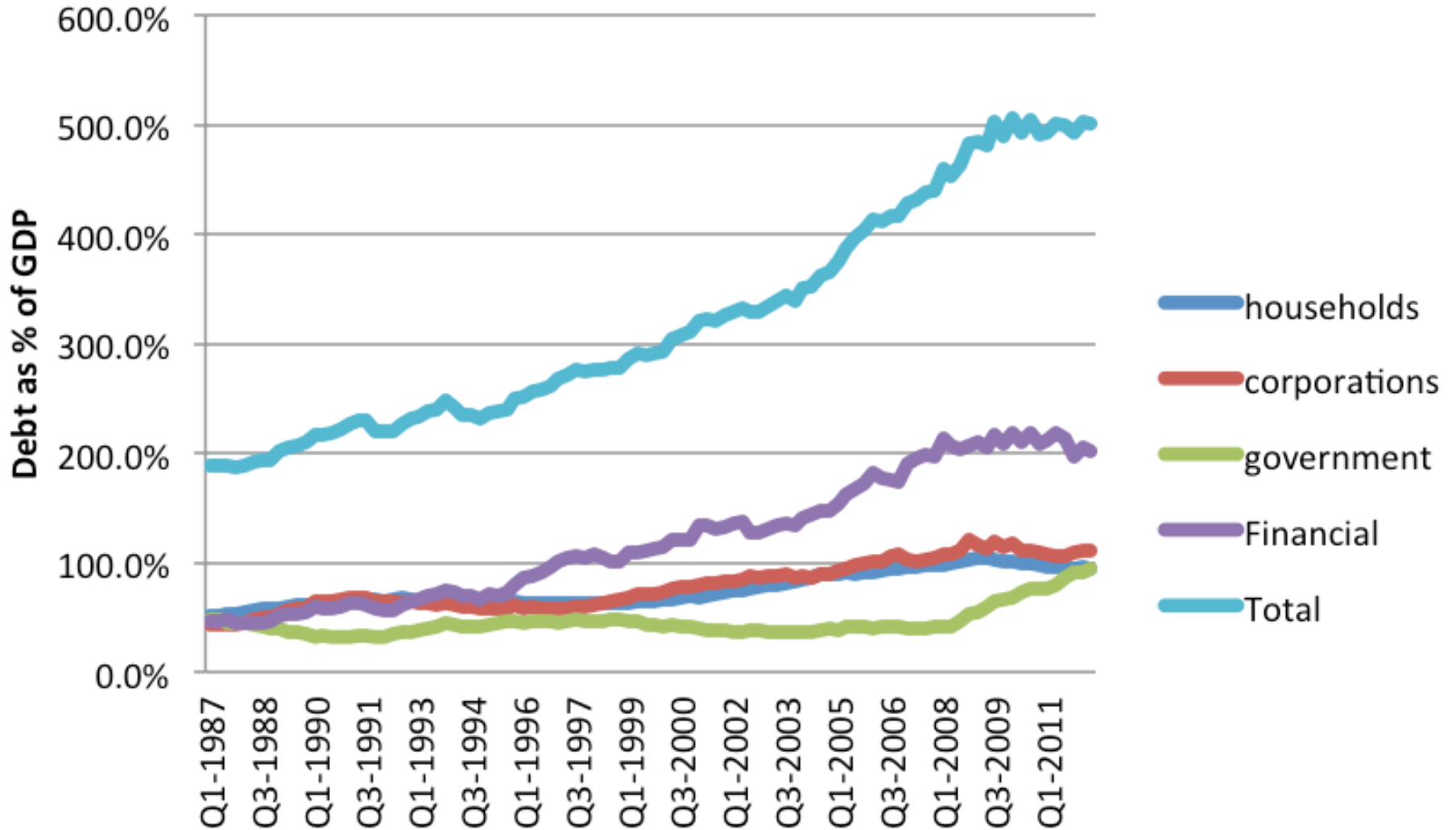
10. "We've gotta try something! How about QE?"

UK Public Sector Real Debt

Nov 08



Total UK Debt



Externalities

- Costs of production not paid for directly by the producer

CEO of public company

- Appointed by board of directors
- Primary function:
To maximise the shareholder return











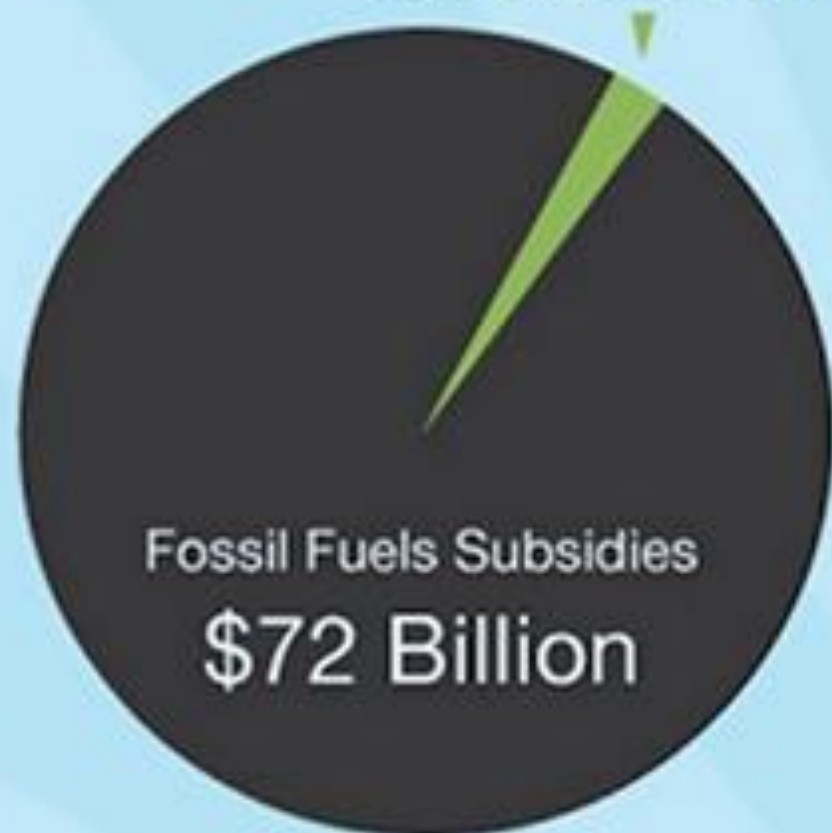


Opportunity cost

- The opportunity foregone as a result of any decision.
- We can only choose to allocate a resources in one area at a time

What if **solar** got the same subsidies as fossil fuels?

Solar Subsidies - \$1 Billion



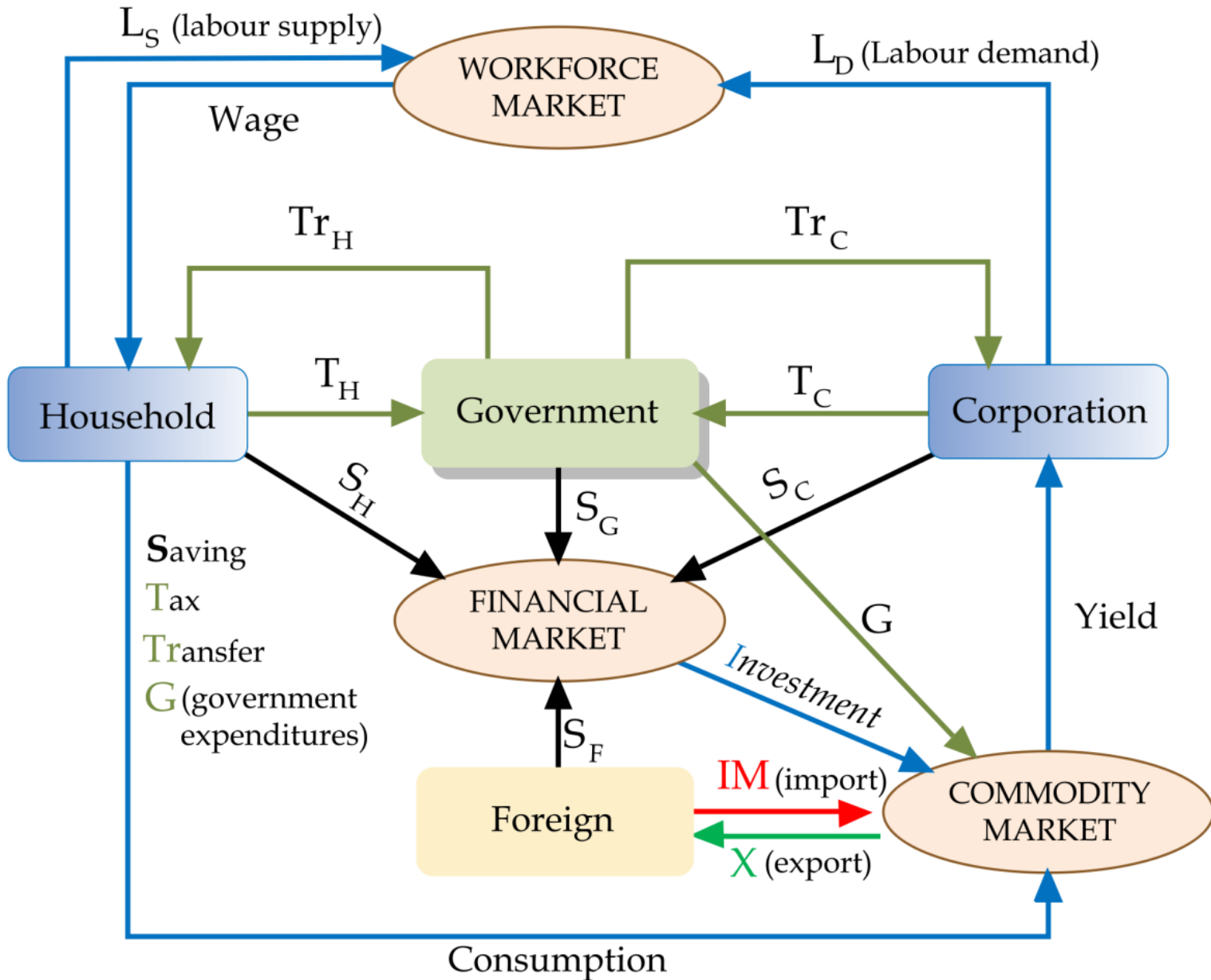
Fossil Fuels Subsidies
\$72 Billion

Amount you've paid towards fossil fuel subsidies as a taxpayer over 5 years: **\$521.73**

Amount you've paid towards solar: **\$7.24**

Economic systems

Circulation in Macroeconomics



The human heart
Tim Jackson

Adaption, change, evolution

Novelty

Other

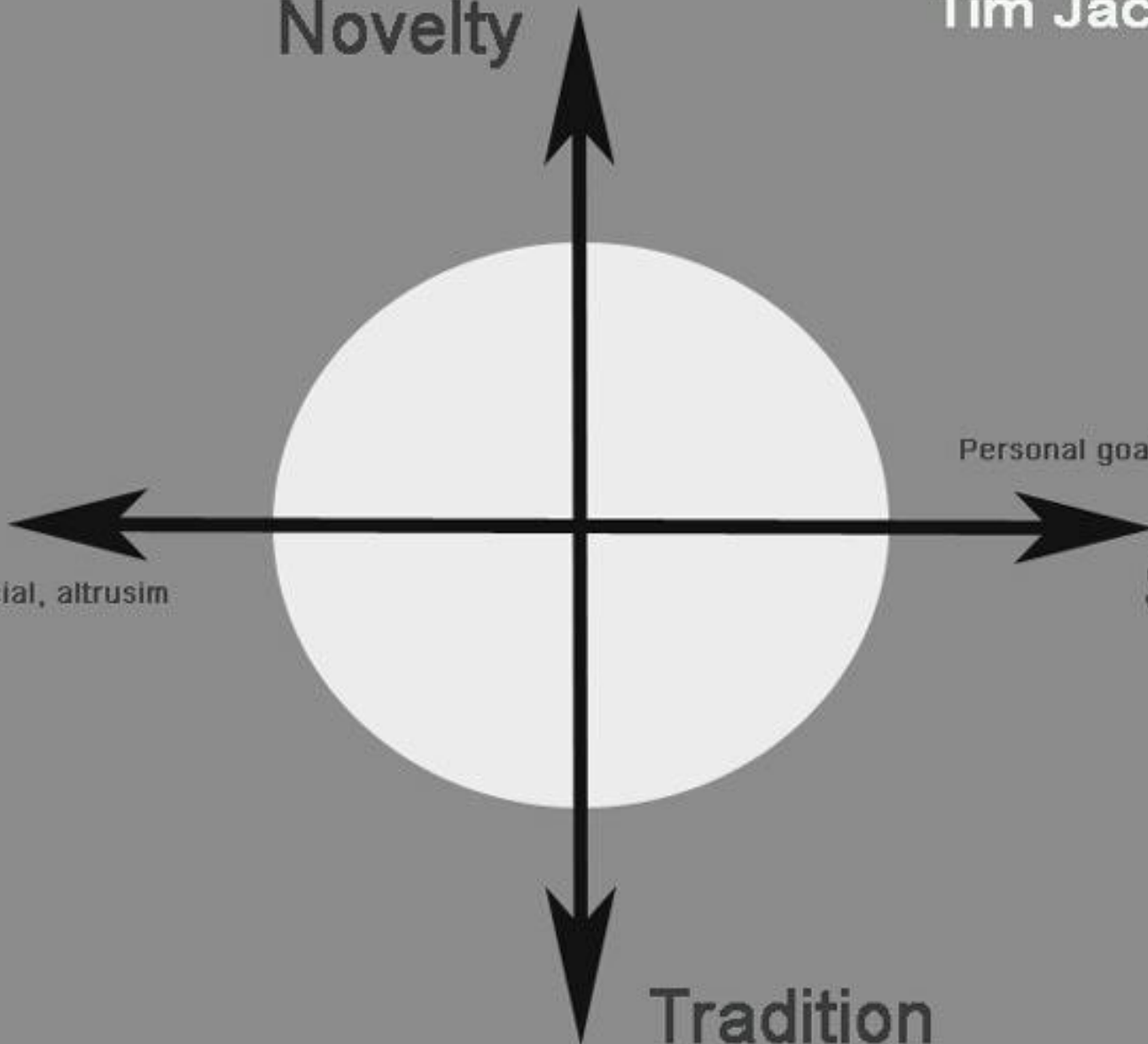
Community, social, altruism

Personal goals and priorities

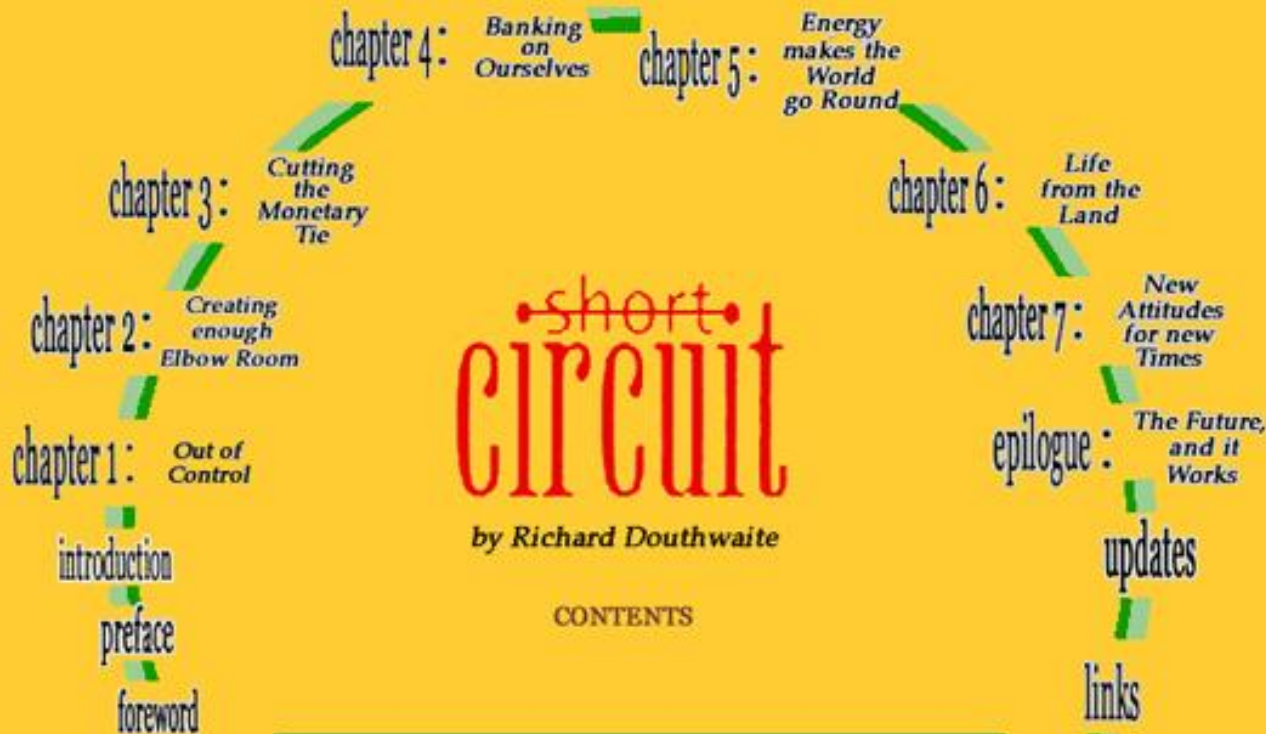
Self

Tradition

Stability, Social cohesion, family



http://www.feasta.org/documents/
shortcircuit/contents.html

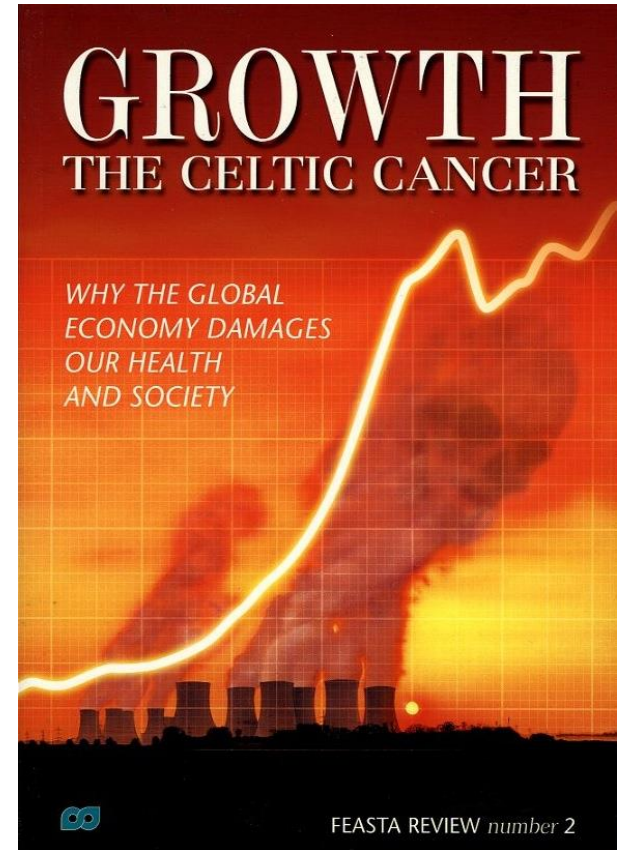
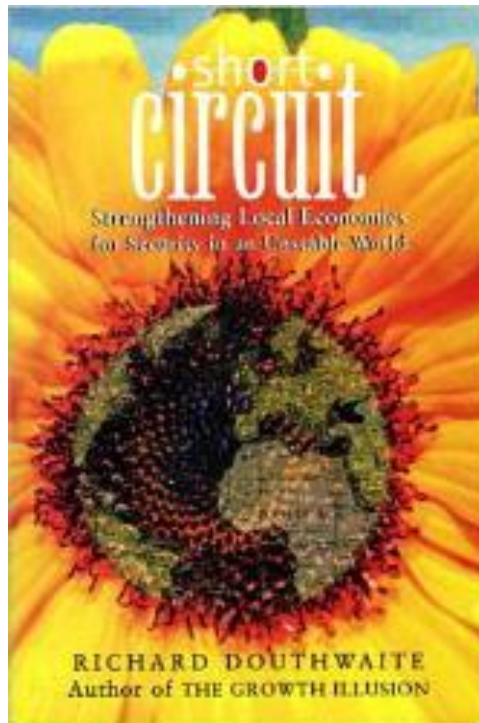
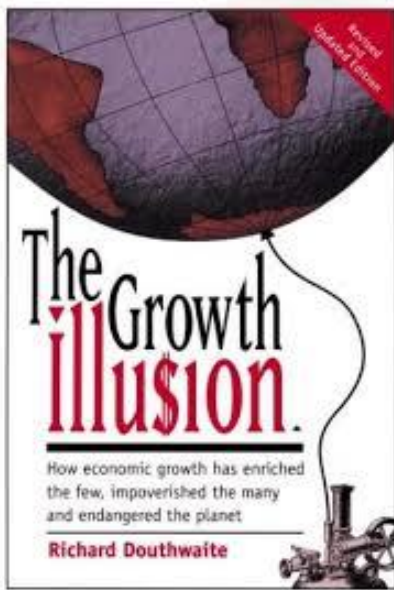


Welcome to the online edition of *Short Circuit*.

This website includes the entire original text of the book, together with updates on individual sections. If you move the mouse over the chapter

Short Circuit

- Richard Douthwaite





The campaign for co-operation *join us*



Co-operatives UK, Community Energy England, 10:10...
Calling for fair treatment of energy co-ops Co-operatives UK is set for some critical lobbying in... [Read more »](#)

Start a Co-operative
[More »](#) 

Grow a Co-operative
[More »](#) 

Advise a Co-operative
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What's New?
[What Can Co-operatives Learn From The Lean Startup Model?](#)
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Call to Action 2015
Key Policy Programme
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The Co-operative Economy
Untold Resilience
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NRCC
27 February - 1 March
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Credit Unions

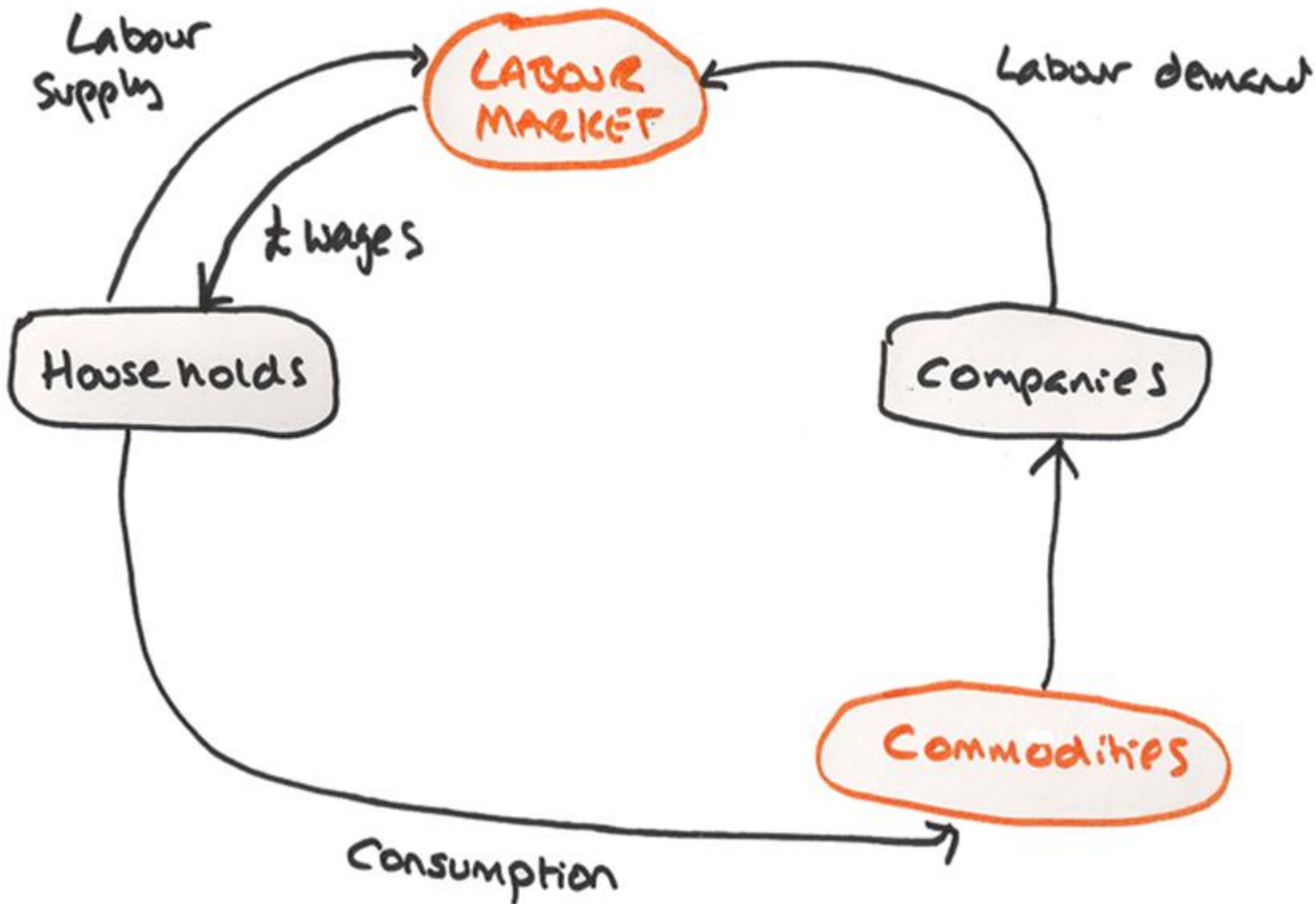
- Locally owned and managed investment institutions
 - Energy cooperatives
 - Housing cooperatives
 - Mutual ownership
 - Rochdale Pioneers
-
- Mutually owned, stakeholder managed democratic institutions

Macroeconomics

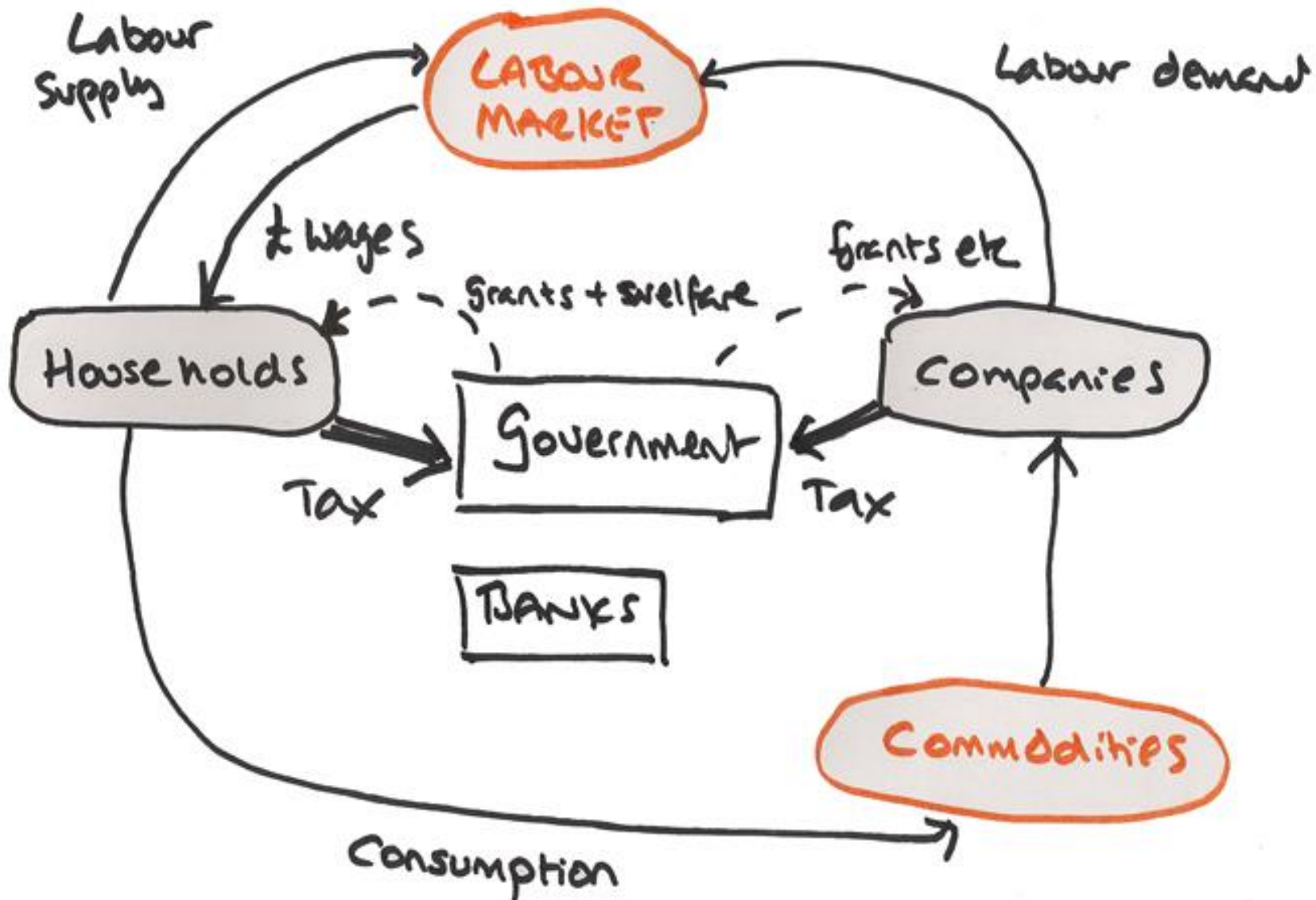
Households

Companies

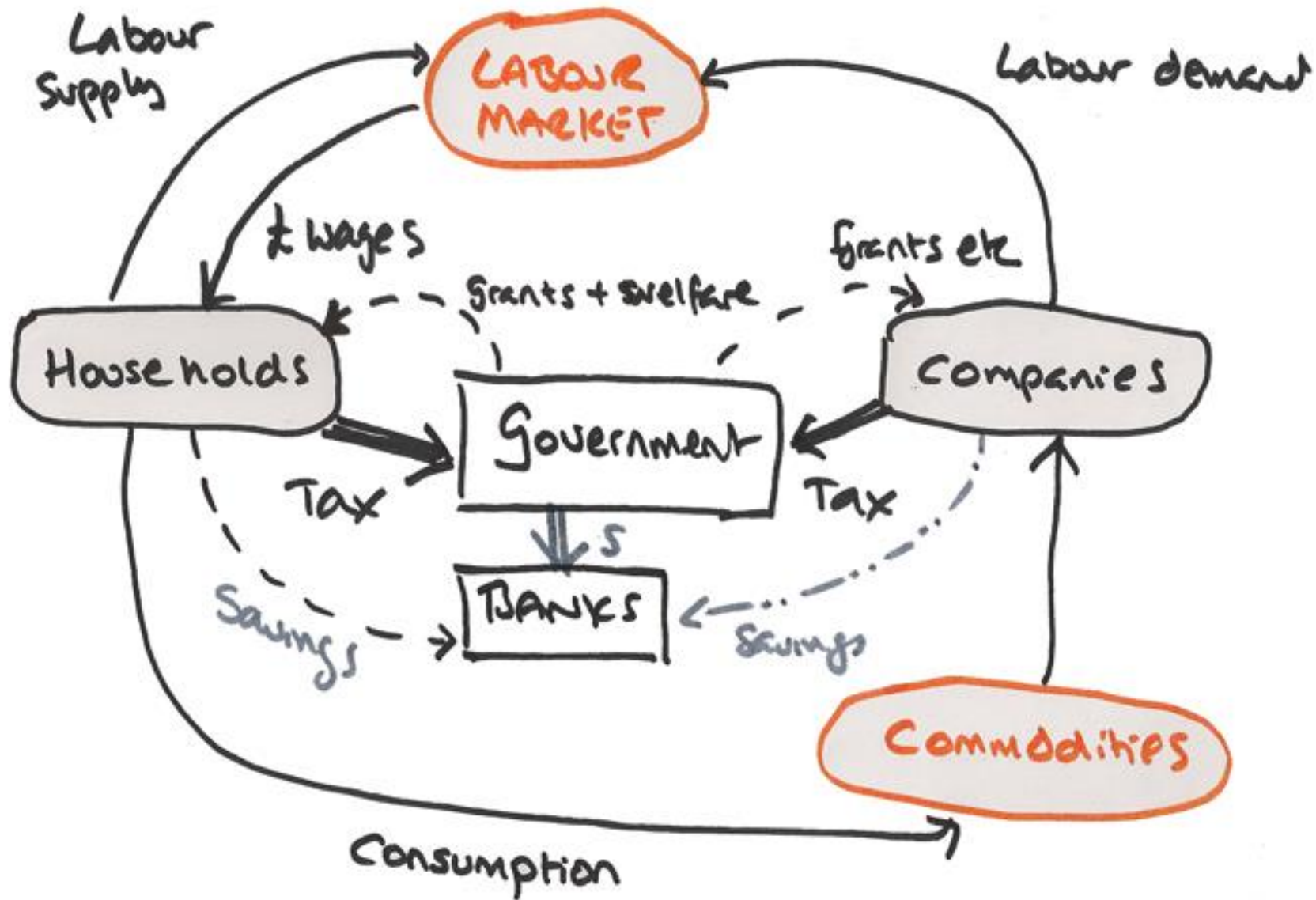
Macroeconomics



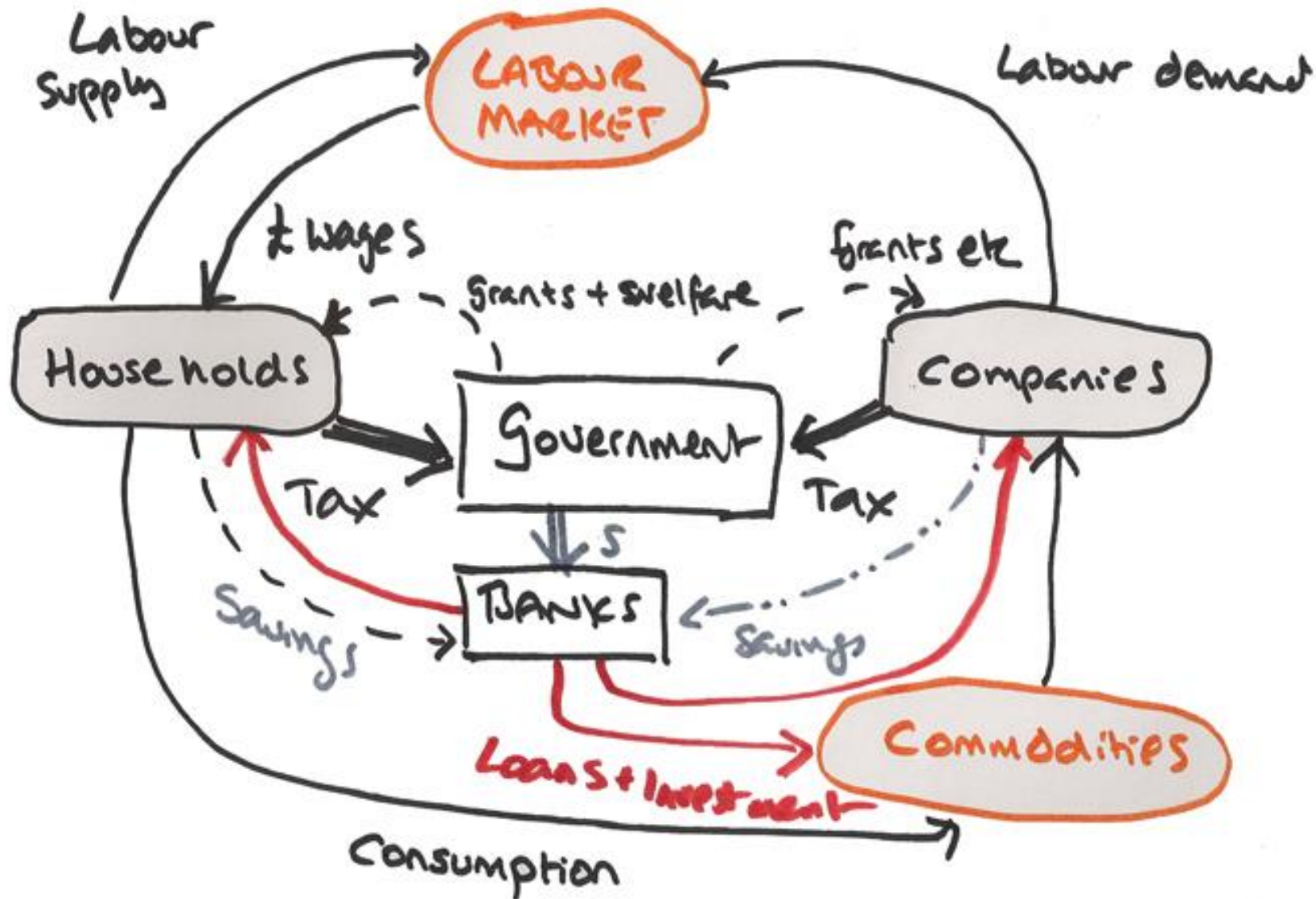
Macroeconomics



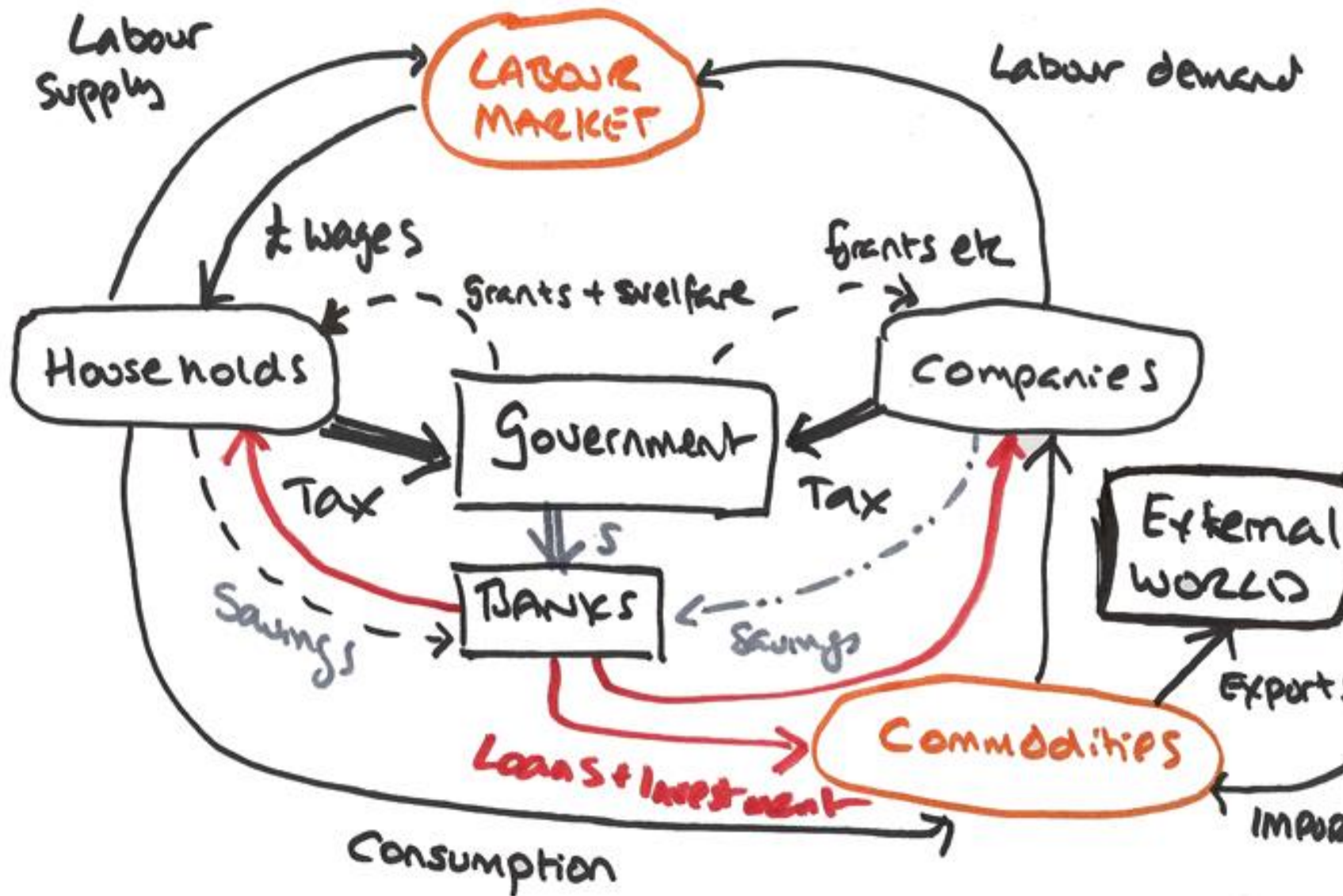
Macroeconomics



Macroeconomics



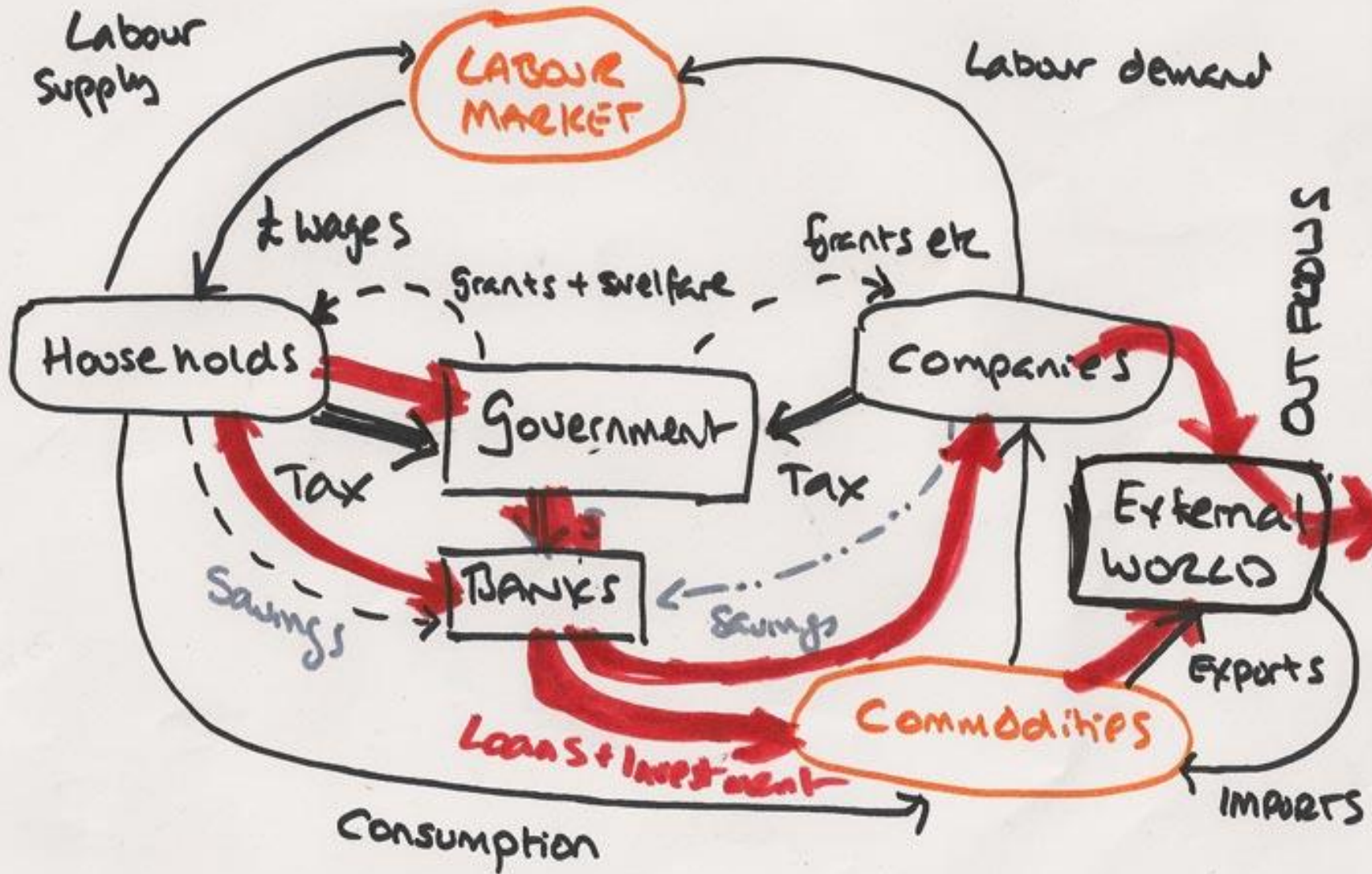
Macroeconomics



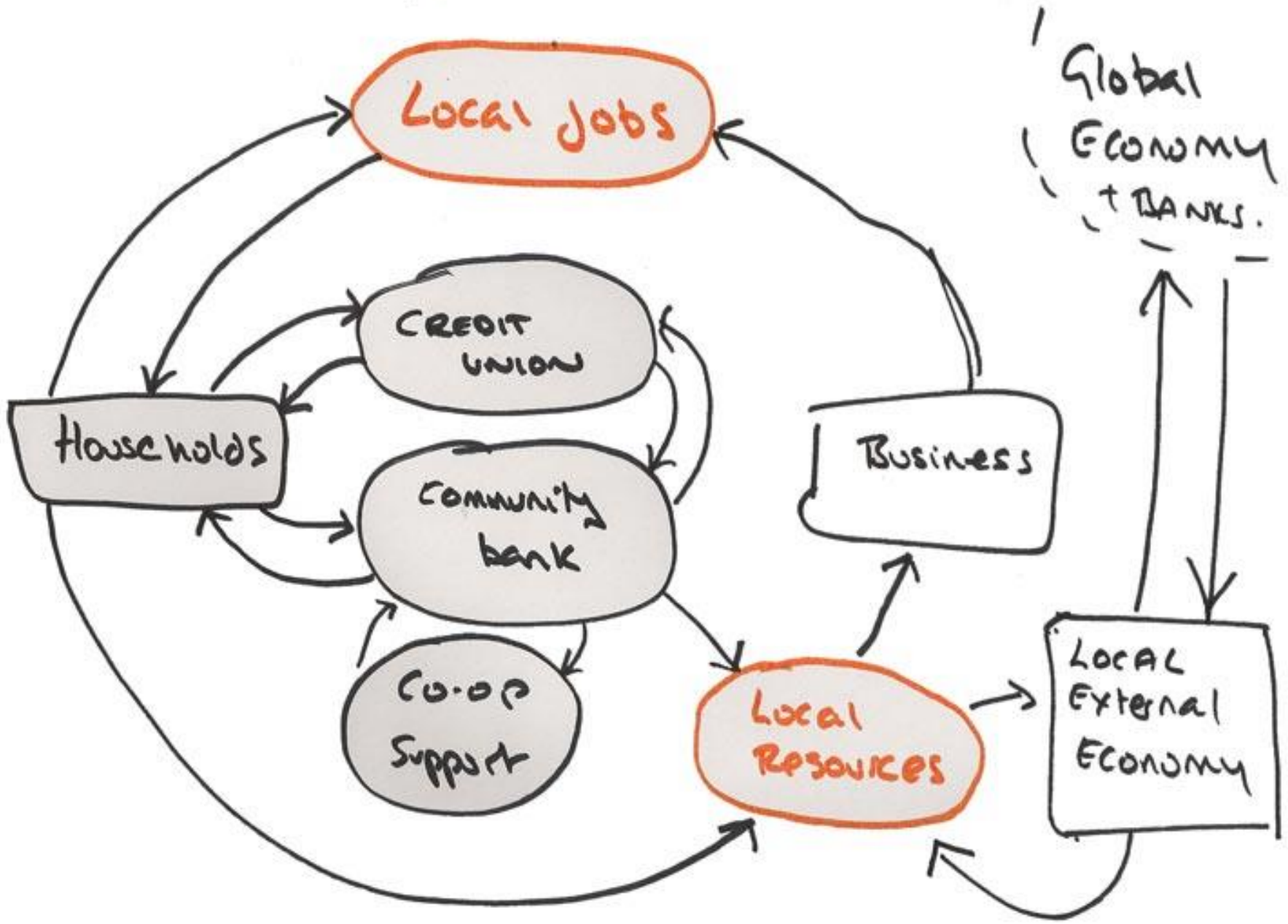
In a Globalised system

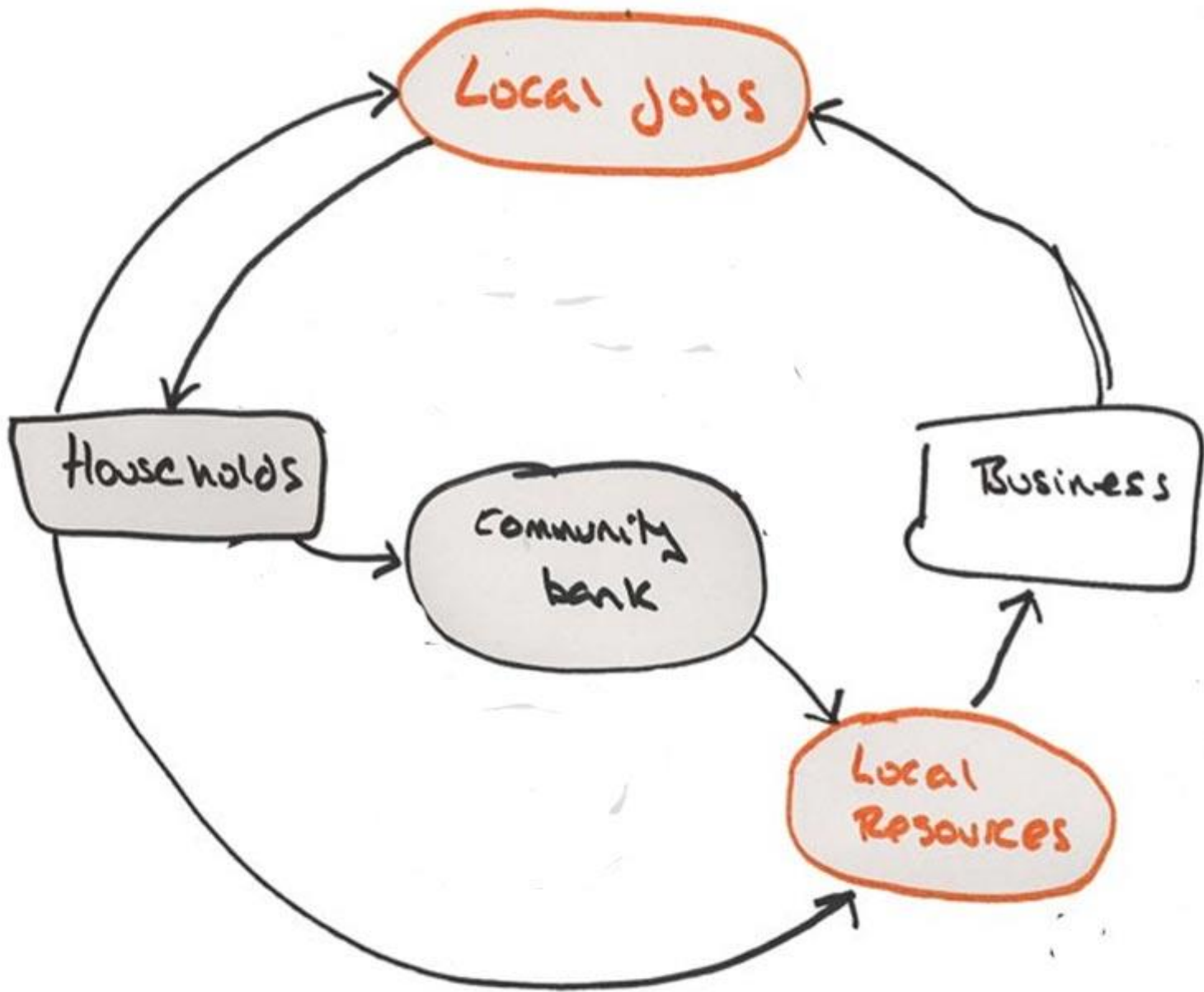
- Key institutions don't represent interests of the community
- Wealth tends to flow out of the system
- Surplus is not retained within communities

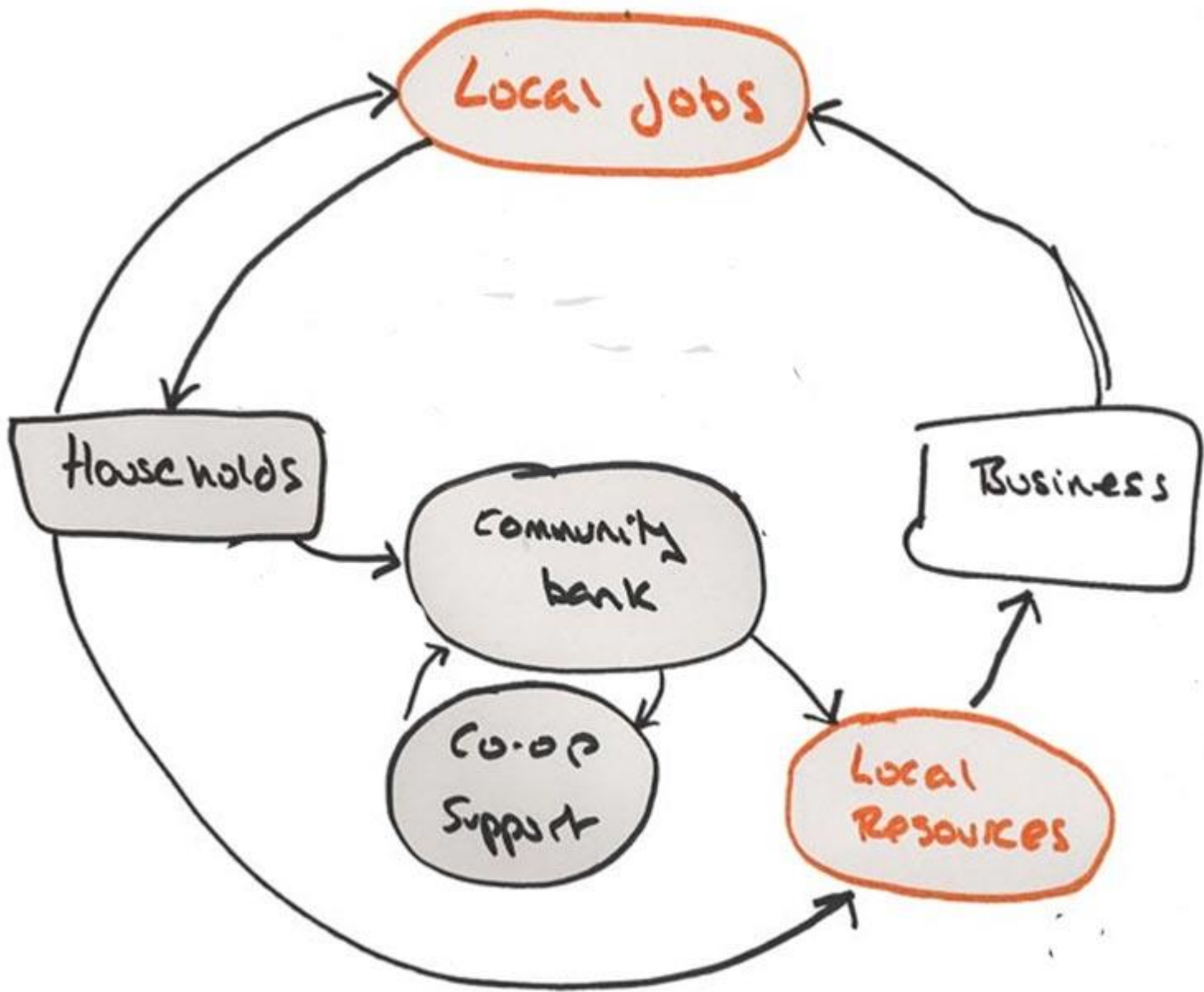
Macroeconomics

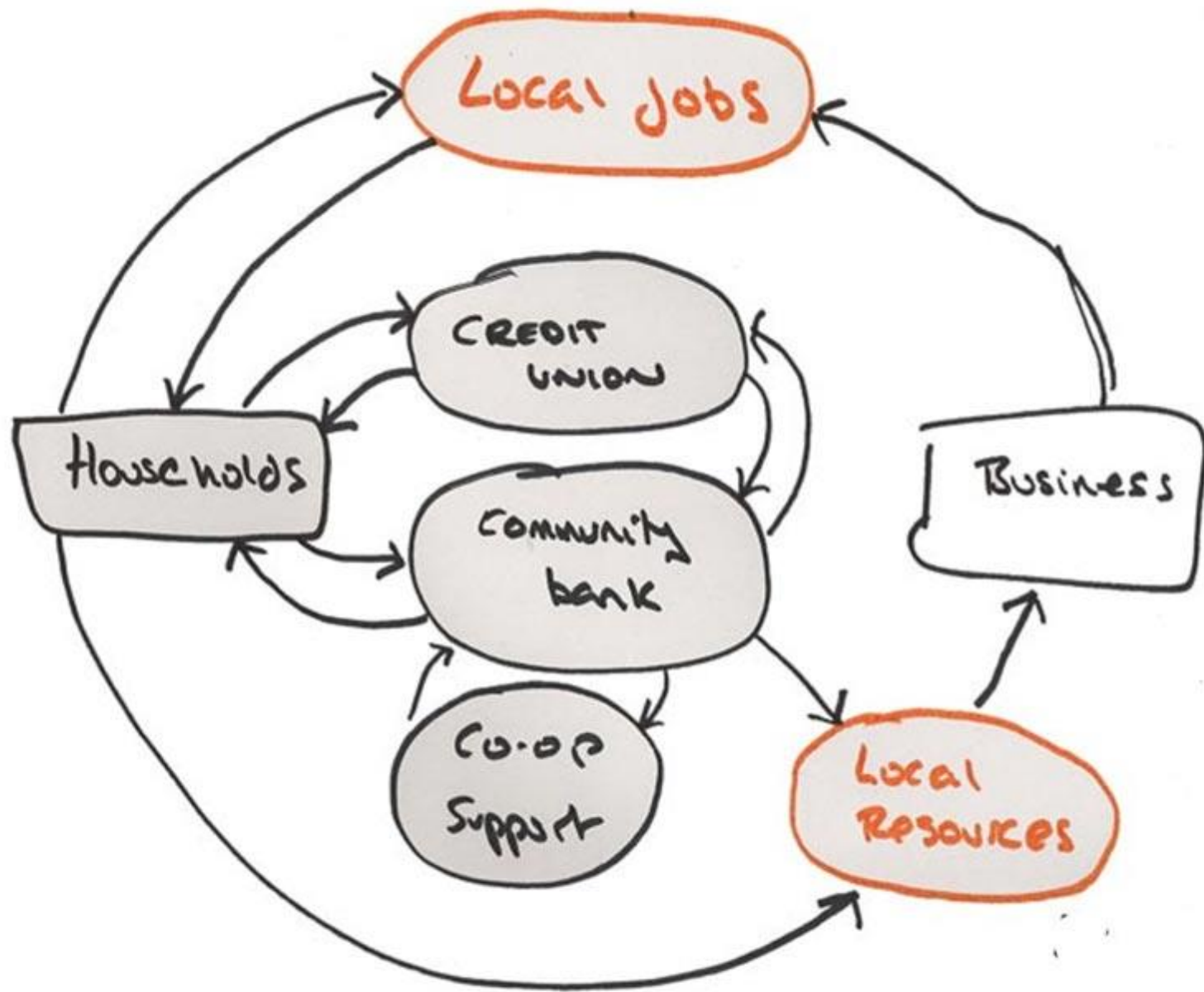


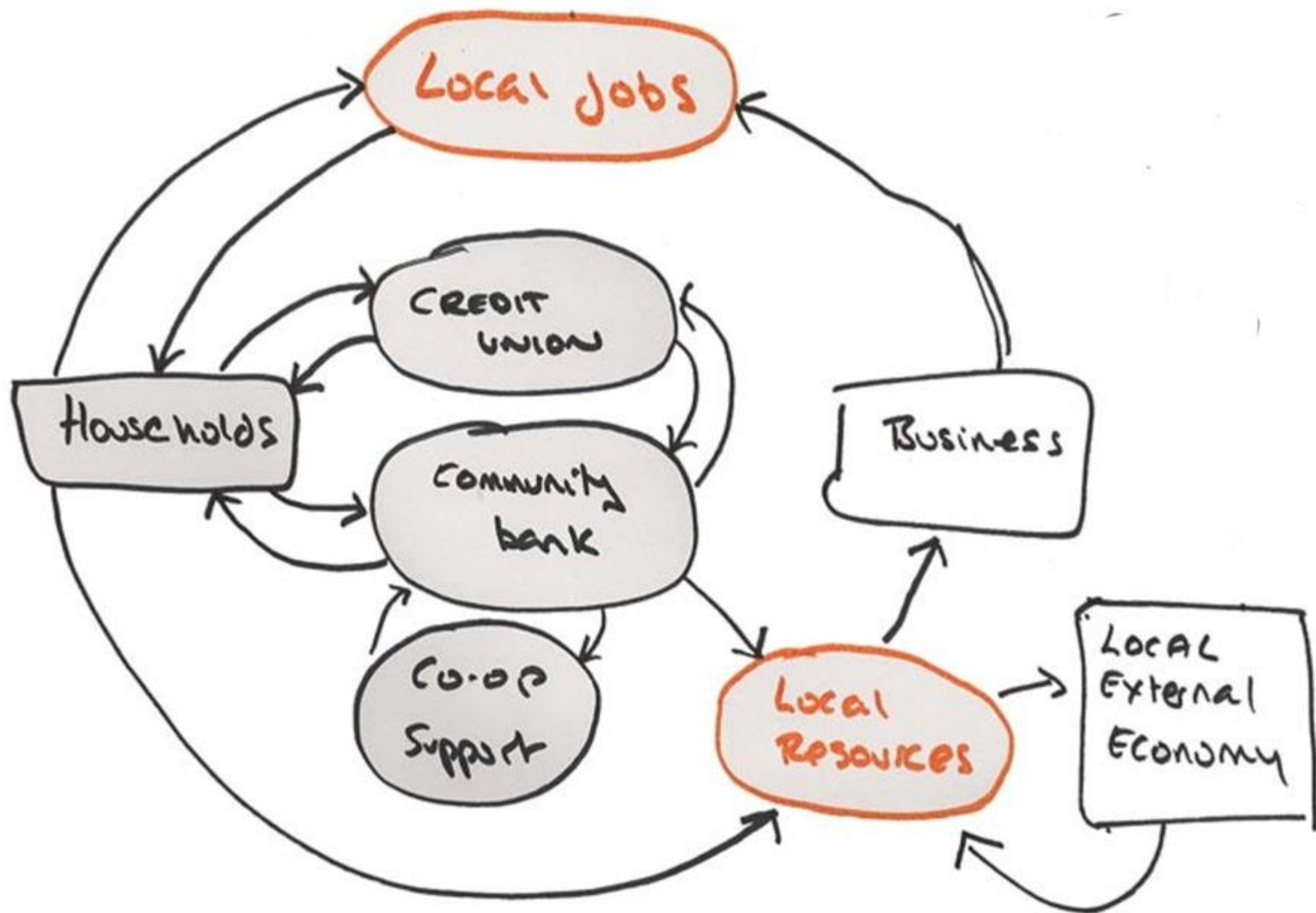
Local economies

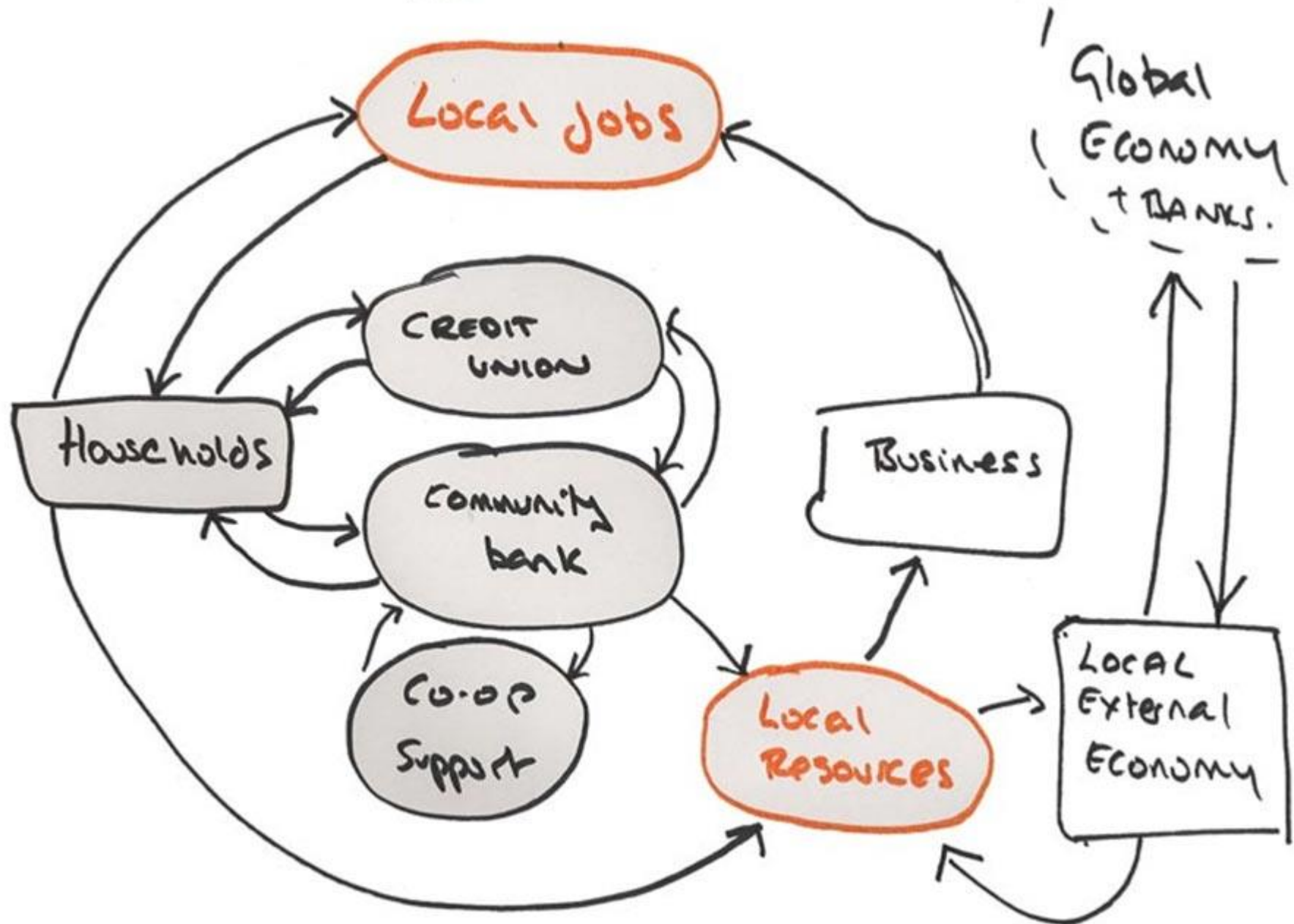


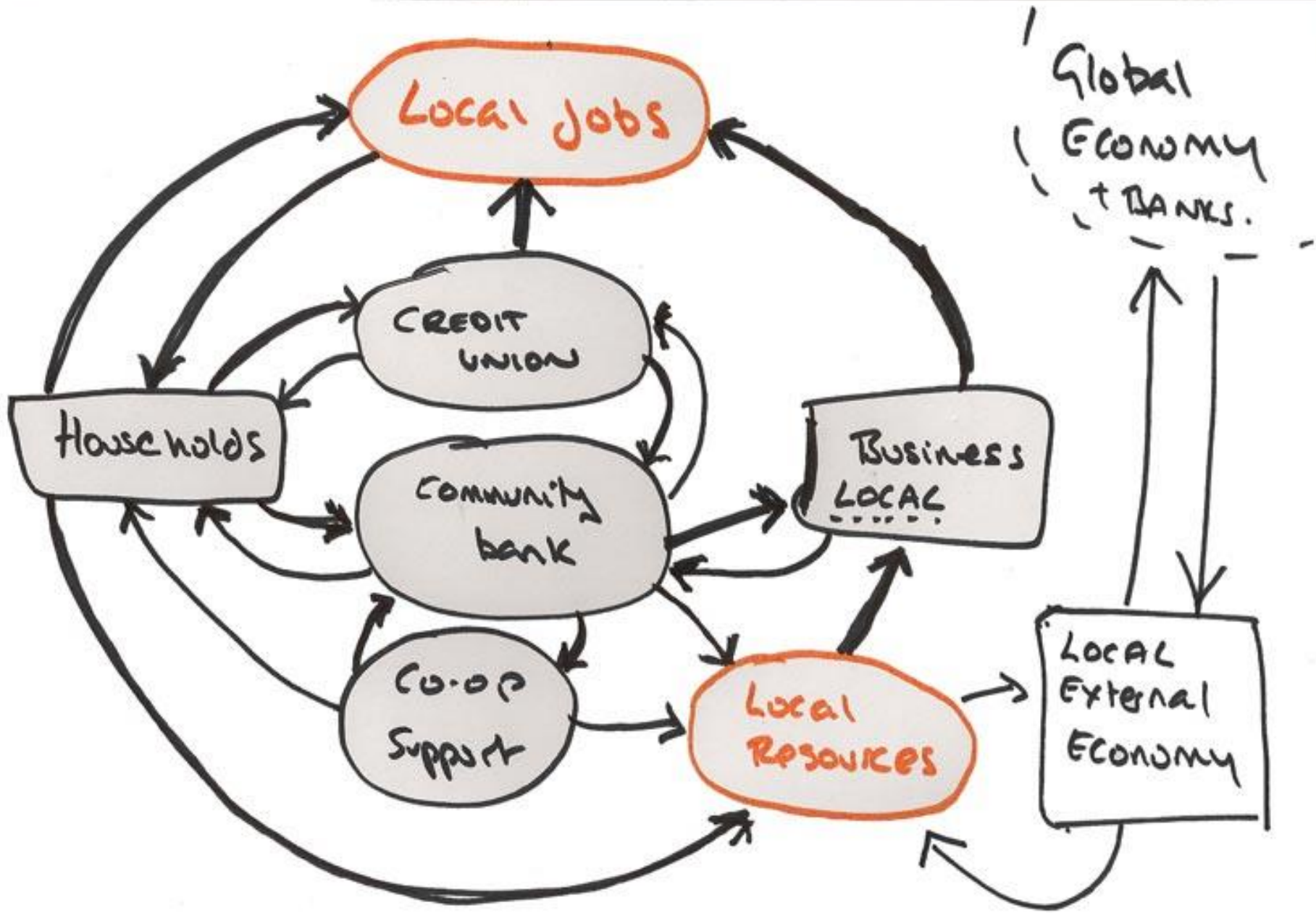












Dual economies

Informal and local system to meet local needs from local resources

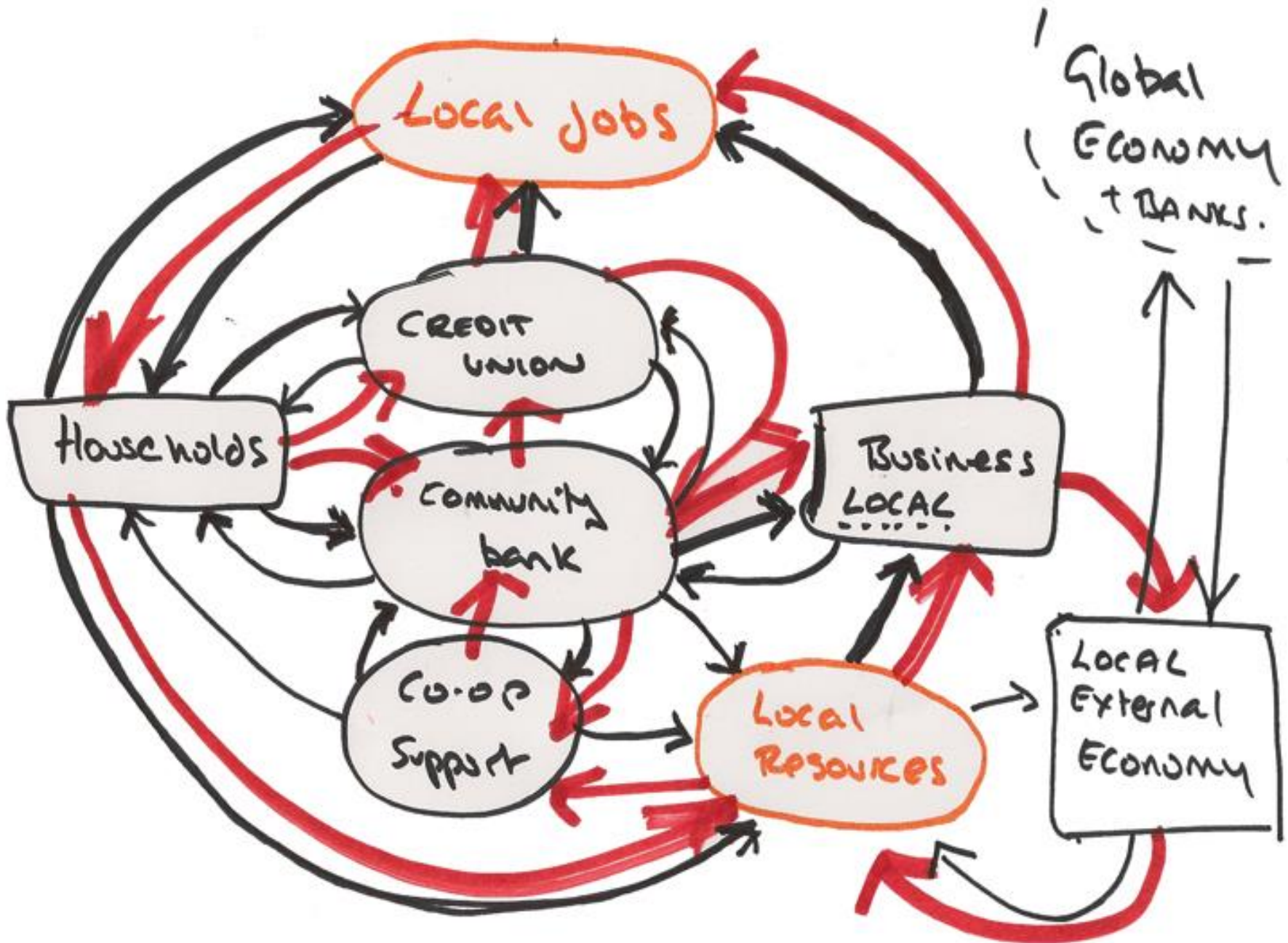
- Local financing and investment strategies
- Dual or multi currency systems
- LETS schemes and local script
- CRYPTO local
- CRYPTO global

Reinvest surplus

- Minimise leakages to outside – strategically replace leaks from local alternatives
- Build institutions to channel surplus back into the community.
- Build links with like minded other communities and institutions

Community institutions

- Secondary co-operatives
- Credit Unions
- Community banking and financing
- Community energy investment schemes



Local Jobs

CREDIT UNION

Community bank

Co-op Support

Households

Business LOCAL

Local Resources

LOCAL External ECONOMY

Global Economy + BANKS.