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Summary:

- **How can fusion energy rebuild society? Part 1: Where'd our money go?**

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People ask us: —"You say that fusion can make trillions available for free health care, better schools, better hospitals, better housing. But how is the money going to get to those goals, even if fusion drastically decreases the price of energy?"

That's a good question. But to answer it, we have to look first at how trillions of dollars were "transferred"—stolen—from public funds in the first place. Then we can understand how, with fusion energy, we can get that money back to fund the public goods—hospitals, schools, housing—that we all need.

Let's start in 2008 with the global financial crisis. Of course, history did not start in '08, and there's an important part of our story that goes back to 1973 (another post!), but the current stage of economic history started with the '08 crash.

The largest banks and financial institutions were bankrupt in the fall of '08 following the collapse of the housing market bubble. Legally, the Federal Reserve in the US and the other governmental central banks around the world could have seized the entire bankrupt financial system and run it, going forward, as public property. Instead, the Fed and other central banks GAVE trillions of dollars in public funds to the banks, leaving the banks in private hands.

This was not just through the widely-publicized (and widely-opposed) TARP program. It was mainly through the Fed's purchase of trillions of dollars in bank bonds (euphemistically termed "mortgage-backed securities"). A corporate bond is just a tradable loan. Between 2008 and 2015, the Fed gave the banks $1.7 trillion dollars by buying bonds that no one else would. By 2020, less than a quarter of this titanic loan had been paid back. (See Fig. 1)

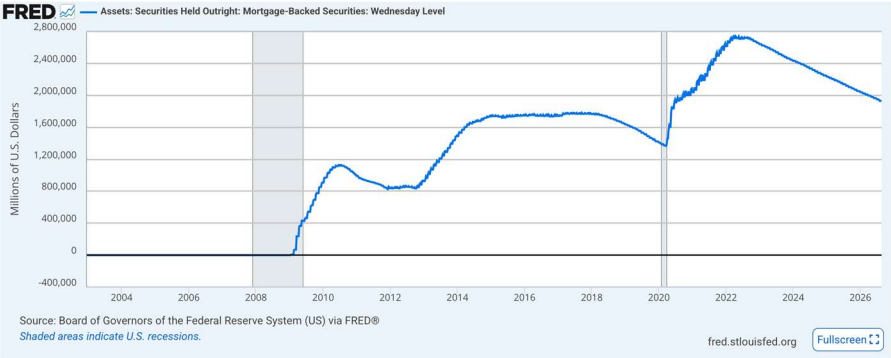

Fig. 1 This chart, straight from the Federal Reserve's FRED website, shows the cumulative purchases of bank bonds by the Fed, with $2 trillion never paid back.

Then came the global financial crisis of March, 2020. To battle the COVID pandemic, governments around the world issued lockdown orders, which greatly reduced energy demand. The price of oil cratered to below $20 a barrel. The world financial system, since 1973, has been dependent on huge flows of cash from overpriced petroleum, so the collapse of the price of oil threatened the solvency of the biggest financial institutions. Corporate bonds and stocks crashed. By mid-March, leading financial institutions like BlackRock were again essentially bankrupt. Again, the Fed and other central banks could have simply seized the bankrupt firms. But again, instead, the Fed started vast purchases of corporate bonds. Within days, the Fed bought $0.6 trillion, and by 2022, it held a total of $2.8 trillion in corporate bonds.

These loans—really gifts, as they were **never paid back**—constitute the entirety of the banks' capital; without this money, they would still be bankrupt. The banks in turn lent this same $3 trillion dollars to the biggest corporations—basically the S&P 500. Then the corporations spent all this money on buying back their own stocks. Since every dollar invested in stock increases stock prices by about $5 on average, the $3 trillion in funds turned into $15 trillion in stock assets. (This is a very conservative estimate based only on the money directly given to the banks. If the indirect effects of the Fed's action are taken into account, the total is probably triple that $15 trillion estimate)

Who benefited from this generous use of the Fed or OUR public dollars? Based on the Fed's own statistics about who owns stocks and bonds, **half** of this titanic sum went to the top 1% of wealth holders—an average of $2.5 million apiece. But more significantly, fully $1.5 trillion, 10% of the total, went to just 1,000 billionaires—or $1.4 billion apiece. This comes from public money meant to benefit all 330 million of us, money that was NOT spent on schools, hospitals, housing, or infrastructure.

How can we get this money back so it benefits all of us? And how can fusion energy make this possible? Stay tuned to future posts! Watch the video on this topic here.