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**Program Descriptions****Episode 1: From Bullion to Bubbles**

How did money evolve from a crude system of coins that were only worth the value of the metals they were made of to a complex global financial system of credit, treasury bonds, hedge funds and credit default swaps that have shaped the course of human history? Niall Ferguson begins this journey in Bolivia, where 500 years ago, mines built by Spanish conquistadores, using forced Incan labor, produced so much silver coinage that the currency lost its value. In Italy, however, the roots of our modern financial system, in which currency's value is based on trust, began to take shape: a system of loans and credit between Jewish lenders and Christian merchants evolved in Venice, the Medici family developed the modern day banking system and wars between city states created the bond market. In Amsterdam, the East India Company began to sell shares of stock to the public in the early 1600s, and in Paris, a Scottish fugitive named John Law saw in this new market an opportunity for an unscrupulous scheme—not unlike Bernie Madoff's—that created the world's first stock market bubble and, after its collapse, sparked a revolution.

**Episode 2: Bonds of War**

Money and war have long had a close relationship. In early 19<sup>th</sup> century London, the powerful Rothschild family helped the British government finance its war against Napoleon and, despite a nearly catastrophic miscalculation of the war's duration that could have led to financial ruin, found an opportunity to create enormous wealth through the purchase of British bonds. 50 years later, the relationship between war and money would again be felt in America's Civil War when the Confederacy attempted, with disastrous results, to finance itself by boosting the value of its cotton—its only tangible asset—by placing an embargo on exports to Britain. In Great Britain, the Duke of Buckingham became the first great landowner to see his wealth disappear as the value of his land plummeted, marking the beginning of the end of the British aristocracy. And in 1914, the assassination of another Duke—Ferdinand—would bring an end to the first wave of economic globalization within a matter of weeks.

### **Episode 3: Risky Business**

The ability to calculate risk has led to the creation of enormous wealth, or when calculated incorrectly, catastrophic economic fallout. In New Orleans, Ferguson witnesses the destruction still on display from Hurricane Katrina because insurance companies were unable to cover claims to rebuild homes, and the region has been deemed uninsurable ever since. The origin of the insurance industry brings Ferguson to Scotland, where, in 1744, two ministers devised calculations that would predict the risk of a person becoming sick or dying, and established a fund that would support families in such instances, giving birth to the modern insurance industry. By the mid 20<sup>th</sup>-century, in order to cope with natural and manmade disasters that had exhausted private insurance, Japan eliminated risk by creating a welfare state in the government protected every citizen from any kind of casualty. The system remained viable for decades, but today is on the verge of collapse. In the mid 1970s, Chile followed the teachings of economist Milton Friedman to become the first of many nations to dismantle its welfare state and reassume risk to create growth. Another tool of wealth creation based on risk-assessment—hedging on derivatives—emerged from Chicago beginning in 1874 and has led to the creation of great fortunes by financiers such as George Soros, and the downfall of firms like AIG.

### **Episode 4: Planet Finance**

By the beginning of the 21<sup>st</sup> century, the systems of credit, insurance, bond trading and stock markets had transcended all national boundaries to create a truly global economic system, opening the door to unprecedented growth, but also worldwide instability in the event of one nation's downturn. In an effort to establish more stability following the Great Depression, the U.S. government's New Deal created a "property owning Democracy," a system of federally-backed savings and loans that allowed more people than ever before to buy homes by offering low interest rates and long term mortgages. Rampant inflation in the 1970s, however, led the government to remove regulations on interest rates and opened the door to a massive scandal in the 1980s and one of the country's worst economic crises. The vulnerabilities of America's property-based economy would be felt again 20 years later, in the current economic crisis that has shaken the world. The crisis threatens "Chimerica," the symbiotic relationship between China and America in which China's vast savings from the manufacturing of cheap goods has been lent to America to fuel growth. But at

what point will America's battered economy lead China to cut off its line of credit? And how might America respond? The answer, Ferguson suggests, may be found in the history of the ascent of money.