Keynesian in attendance. St

Mary's Professor Andy

Williams does not see the situ-

ation as a liquidity problem ei-

ther: "The Fed is good at

Life in LAMORINDA

St Mary's Professors:

The Bail-Out Was Needed But Won't Be Enough

By Sophie Braccini



St Mary's professors, led by Dean Allen, discuss the economy

The School of Economics and Business Administration professors led by Roy Allen, Dean of the School at Saint Mary's, conducted a very informative and animated debate about the current state of the economy and how the Bail-Out Package (BOP) would affect us and our wallets.

This breakfast event was part of the Alumni Conference series that the College has now opened to the public. Experts present a topic and answer questions from the audience.

On October 1st the subject was the State of the Economy and the analysis went deep into the roots of the situ-

"Financial liberalization, deregulation, technological change and globalization have played a role in increasing the speed and risk of financial cycles," Allen told an audience of close to eighty 80 people. He pointed out that recent events, such as the housing price collapse that has affected the East Bay Area so drastically, is not, in his opinion, the only cause of the crisis.

Allen explained that the United States is the only country that contracts debt in its own currency. Without getting back to the collapse of the Bretton Woods Agreement in

spending money, but we have plenty of liquidity, it is just not flowing." Williams believes that restoring confidence will be key, and assuring that the people see the measures adopted as fair and equitable. He warned that a higher saving rate in the country could trigger a further reduction in economic activity and lead to a

recession.

Global business professor Thomas Gomez-Arias reminded the audience that the situation is also complicated by the spread of uncertainty throughout the global economy. The bank failures in Europe or the collapse of the Shanghai housing market are signs that the financial crisis is worldwide.

The public was eager to hear the solutions that the faculty proposed, both at a global level and for managing their own wealth.

Associate Dean and business and economics professor Shyam Kamath, who diagnosed the situation as a fundamental knowledge problem, said that education, informa**Support Lamorinda Weekly by shopping with our** advertisers and telling them you saw their ad! Your local free Newspaper for Lamorinda

tion and transparency were key elements for the long-term re-

When asked how they themselves were investing their assets to minimize losses, the professors all answered that diversification was the only solution and hoped that the individuals in attendance had already done so.

Professor Phil Perry recommended the use of TIPS (Treasury Inflation-Protected

Securities) that have been issued by the US treasury since 1997. Professor Williams recommended Sovereign Wealth Funds that are state-owned investment funds.

To end the meeting, the group was asked if they saw a silver lining to the current situation. "Yes," said Professor Williams, "We'll see more PhD studies in the years to come!"

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SMC Launches Great Book Series

... continued from page 9



SMC's Great Books Seminar Series, looks on approvingly

lected Tuesday evenings in Dante 203 at SMC. The cost is \$12 per session; text is not included. To register, contact Grete Stenersen at (925) 631-4162 or email her at gsteners@stmarysca.edu.

1971, it is clear that having the

dollar being the currency of

reference has allowed us to

draw deeply from our neigh-

bors pockets. As foreign

money flew into the country

the American people saved

driven crisis," said adjunct

professor Jack Rasmus, who

predicted that this country's

\$21 trillion debt will trigger

more collapses in the months

to come. He believes that

adding liquidity is not the so-

lution, but working on the de-

mand side of the equation is

Rasmus was not the only

more likely to help.

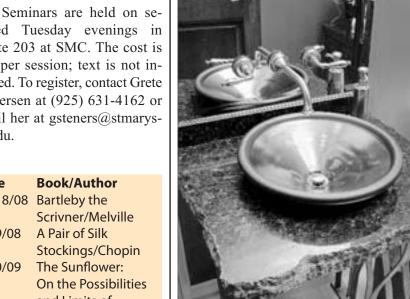
"This is a classic debt

less and less.

Date	Book/Author
11/18/08	Bartleby the
	Scrivner/Melville
12/9/08	A Pair of Silk
	Stockings/Chopin
1/20/09	The Sunflower:
	On the Possibilities
	and Limits of
	Forgiveness/
	Wiesenthal
2/24/09	A White Heron/Jewett
3/24/09	Only the Lover Sings
	Art and Contemplation
	Pieper
4/21/09	Zen Mind, Beginner's
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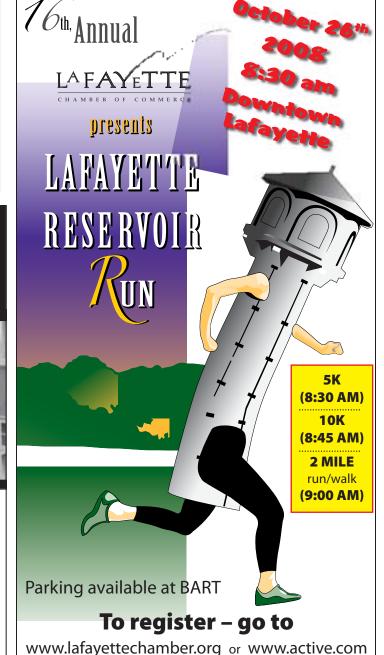


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