

**MEDIA EDUCATION
FOUNDATION
STUDY GUIDE**

Plunder

The Crime of Our Time

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NOTE TO EDUCATORS

This study guide is designed to help you and your students engage and manage the information presented in this video. Given that it can be difficult to teach visual content – and difficult for students to recall detailed information from videos after viewing them – the intention here is to give you a tool to help your students slow down and deepen their thinking about the specific issues this video addresses. With this in mind, we’ve structured the guide so that you have the option of focusing in depth on one section of the video at a time. We’ve also set it up to help you stay close to the video’s main line of argument as it unfolds.

Key Points provide a concise and comprehensive summary of each section of the video. They are designed to make it easier for you and your students to recall the details of the video during class discussions, and as a reference point for students as they work on assignments.

Questions for Discussion & Writing encourage students to reflect critically on the video during class discussions, and serve to guide their written reactions before and after these discussions. These questions can therefore be used in different ways: as guideposts for class discussion, as a framework for smaller group discussion and presentations, or as self-standing, in-class writing assignments (i.e. as prompts for “free-writing” or in-class reaction papers in which students are asked to write spontaneously and informally while the video is fresh in their mind).

Assignments encourage students to engage the video in more depth – by conducting research, working on individual and group projects, putting together presentations, and composing formal essays. These assignments are designed to challenge students to show command of the material presented in the video, to think critically and independently about this material from a number of different perspectives, and to develop and defend their own point of view on the issues at stake.

PROGRAM OVERVIEW

Exposing the forces responsible for the loss of trillions of dollars, millions of jobs, massive foreclosures and the disappearance of retirement funds, *Plunder: The Crime of Our Time* investigates the unregulated fraud and theft that led to the market's collapse in fall 2008. Filmmaker Danny Schechter, an Emmy Award-winning former ABC News and CNN producer, explores the epidemic of subprime mortgages, predatory lending, insurance scams, and high-risk hedge funds that caused the collapse of the housing market and a full-scale economic meltdown. The film moves from the mysterious collapse of Bear Stearns, an 85-year-old investment firm that disappeared in a week, to the shadowy world of trillion-dollar hedge funds, and examines the complicity of major media outlets that failed to sound the alarm and investigate what was going on. Along the way, Schechter speaks to a range of analysts and insiders about the origins of the crisis: bankers, respected economists, insider experts, convicted white-collar criminal Sam Antar, and top journalists, including *New York Times* columnist Paul Krugman.

PRE-VIEWING QUESTIONS FOR DISCUSSION & WRITING

1. What is America's economic system? How does it function? What economic role do you play, as an individual, in this larger system?
2. What role does the United States play in the world economy? How can an American economic crisis affect the rest of the world?
3. What arguments have you heard about the origins of the economic crisis? Where have you heard them? What do you think sparked the crisis?

KEY POINTS

- The economic crisis was caused not just by greed but also by calculated scams and schemes – leading to a massive loss of jobs, homes, and personal wealth.
- Graydon Carter, the editor of *Vanity Fair* magazine, wrote: “It can fairly be said that the chain of catastrophic bets made over the past decade by a few hundred bankers may well turn out to be the greatest nonviolent crime against humanity in history. They’ve brought the world’s economy to its knees, lost tens of millions of people their jobs and their homes, and trashed the retirement plans of a generation, and they could drive an estimated 200 million people worldwide into dire poverty. In other words, never before have so few done so much to so many.”
- The total money lost due to the economic crisis may reach \$196.7 trillion.
- On Wall Street, the line between what is criminal and what is not criminal has disappeared because of deregulation. White-collar criminals set up their own legal framework.
- In June 2009, the FBI said it was investigating 1,300 securities fraud cases and 580 corporate fraud cases.
- These three criminal components brought the investment and real estate worlds together in a multi-trillion dollar scam:
 - Subprime lending got people mortgages they couldn't afford
 - Banks and investment houses bought and securitized these bad loans as structured financial products, then sold them to worldwide investors without full disclosure about their risks
 - The loans were insured so that banks and investment houses would be protected when borrowers who couldn't afford the loans inevitably, and predictably, defaulted.
- In the news media, homeowners took most of the blame for the rise in foreclosures. It was said they had exercised a failure of personal responsibility. Irresponsible borrowing was stigmatized; irresponsible lending was not.
- According to an investigation by the Center for Public Integrity, 25 of the sleaziest subprime lenders were backed by the biggest banks in the United States: Citigroup, Wells Fargo, JP Morgan Chase, and Bank of America. The *Financial Times* reported they originated \$100 billion in subprime mortgages between 2005 and 2007 – almost three-quarters of the total.

- At one time, Wall Street invested in the American economy – in companies that used investor money to produce goods and services. But then Wall Street *became* the American economy – and banks, credit cards, real estate, and insurance companies became the new power players.
- The rise of a credit-based economy fueled a growing disparity between rich and poor. Wealth was transferred from the middle class to the upper class.
- Today, it's estimated that the upper 1% of America's population owns almost 70% of the returns to wealth, including dividends, interest, and capital gains.
- There's a class war between creditors and debtors. And a transfer of property from debtors to creditors will continue to occur as employment goes down, markets shrink, and people default even more on their mortgage debt, credit card debt, and student loans.
- Journalists who covered Wall Street were similar to reporters sent to Iraq – only they were embedded in the corporate culture.
- The media accepted nearly three billion dollars in advertising revenues from dodgy lenders and credit card companies between 2002, when the housing bubble took off, and the crash in 2007.
- A large majority of subprime mortgages were sold to poor black and Latino people.
- Politicians have realized that the economy they had deregulated was imploding. Henry Paulson, the Republican-appointed Treasury Secretary and former CEO of Goldman Sachs, said: “We must do so in order to avoid a continuing series of financial institution failures and frozen credit markets that threaten American families’ financial well-being, the viability of businesses both large and small, and the very health of our economy.”
- The government has spent trillions of dollars on stimulus programs, none of which has transformed the economy.

POST-VIEWING QUESTIONS FOR DISCUSSION & WRITING

1. Why do the filmmakers consider the economic crisis an act of white-collar crime? Do you agree with them? Why or why not?
2. Who do you think should be blamed for the rise in foreclosures? Homeowners or subprime mortgage lenders? Explain.
3. How has a credit-based economy fueled a growing disparity between the rich and the poor? Do you believe this is a form of class warfare? Why or why not?
4. How was the mainstream media complicit in their coverage of the economic crisis? Be specific.
5. Do you believe subprime mortgage lenders specifically targeted poor black and Latino people? Why or why not?
6. Why do you think government stimulus programs have yet to transform the economy? Do you think they ever will? Why or why not? What do you think should be done?

ASSIGNMENTS

1. Research online to find other perspectives on the economic crisis. Write a paper that compares and contrasts these other perspectives, and be sure to explore your own thoughts and reactions within the context of the main arguments presented in the film.
2. Research the Economic Stimulus Act of 2008. Then find other ways the government has tried to boost the economy. Write a paper on the American economy since the economic crisis of 2008. And discuss how these approaches address, or fail to address, the underlying issues Shechter identifies in the film.
3. Watch this clip about the economics of consumerism from the documentary *Blind Spot*: <http://mefwordpress.s3.amazonaws.com/EconomicsOfConsumerism.zip>. Write a paper analyzing the role that American consumerism played leading up to the economic crisis. Be sure to talk about any connections you see between this clip and the larger analysis presented in *Plunder*.
4. The NASDAQ has more trading volume than any other electronic stock exchange in the world. Write a research paper on the history of the NASDAQ stock market. When has it flourished? When has it not? And, according to Shechter, how did the way it operates contribute to the economic collapse?
5. Write a research paper comparing and contrasting the regulation era after the Great Depression and the deregulation era from 1970-2000. Choose at least one legislative act from each era to focus on, and be sure to make connections throughout to the overall argument *Plunder* seems to be making about the relationship between de-regulation and the economic collapse.