

# Can't We Just Print More Money?

## Worksheet for Lesson Six: Writing a short story



### Refer to Chapter Eight: *Why shouldn't I hoard all my money under the mattress?*

#### Extract

In 2009, a woman in Israel decided to surprise her mother by buying her a new mattress. It was a generous gift, likely rooted in a concern for her mum's back. As the old mattress was driven off to a tip in Tel Aviv, the daughter proudly presented her mother with a newer, comfier model.

Unfortunately, her mother had been holding on to the old mattress for a reason. It was lined with \$1 million in cash – her mother's life savings. Over the course of the next week, the daughter would dash between three tips across Tel Aviv looking for the mattress and the cash, to no avail. The money was lost.

Although losing millions of dollars of cash might be relatively rare, examples of people hoarding cash in this way are quite common. Many of us know older relatives who keep large amounts of cash – certainly far more than they're ever likely to need for their day-to-day spending – in a drawer in the kitchen or back bedroom.

Why is this kind of cash-hoarding so widespread? The answer, perhaps, is that it is a very normal and human instinct – particularly in times of economic turmoil. At the beginning of the coronavirus crisis, many people began hoarding cash in a similar way to toilet roll. According to a Bank of England survey, during the Covid-19 crisis in 2020 nearly one in ten people started to hoard extra cash as a precaution. This was hardly the first time, either. In 2020, a haul of 1,069 silver coins was discovered in Suffolk; archaeologists speculated that they had been stashed for safe-keeping during the English Civil War in the seventeenth century.

These decisions have often been rooted in a mistrust of banks. The unfortunate Israeli woman who lost her savings had been hoarding the \$1 million in the wake of the 2007–8 financial crisis, perhaps because she had lost trust in the banking industry. She was not alone in this: two-thirds of people said they didn't trust banks in a 2018 YouGov survey.

So why shouldn't you hoard your money under (or inside) a mattress? The shortest answer is to avoid the situation the woman in our Israeli case study found herself in: banks can keep your money safe. But that's not all banks are good for. When you store your money in a bank, it's to your benefit and everyone else's. Banks let you freely move your money around an economy; they pay you interest; and at the level of the entire economy, they make sure that money is being efficiently used. And while people can be forgiven for having some misgivings about banks – they've had their share of controversies – there are all sorts of measures in place to make sure that your cash is secure when you deposit it.

In short, bank accounts are just about good for everyone. They are much more than a place to store money. They are crucial to the operation of the entire global economy.