



The Capitalism

Chapter VI

The Capitalism

There was once an illustrious goat that back in the nineteenth century wrote a lot about it and in fact one of his essays is titled Das Capital (2), but we will not talk about such it illustrious animal. For now We'll talk about that supposed the capitalism will condemned to death, just like once the catastrophe Ultraviolet of Rayleigh - Jeans (3) condemned our universe. Until another crazy goat appeared and his famous Planck constant (4).

At first the need arises to assign value to goods and services based on something tangible, ransportable divisible itself that must serve as a means of storing value and exchange. For which this instrument must be durable difficult to adulterate, modify or fake is also convenient to be scarce. In the origins I remember Pepe exchanging goods and services with other nomadic groups (we called this bartering), but sometimes it was necessary to acquire or give something that we did not have or did not have the other groups. The smart Pepe suggested use rocks, seashells or other objects as an exchange reference but these lacked those properties listed above. Since often the clever one go at night to look for more of those shells or rocks in order to increase their capacity exchange. And it was not until later that some pigs snuffled in the mud (although say some were the sheep's) found something bright yellow, it was solid, you could divide, transport and was extremely scarce. Nor could it be fabricated or adulterated easily, Then the wolves called it gold and that's where the Calvary began. Especially for the sheep's that now They should do double shifts.

Yes, because who else had more could acquire, that business model eventually passed to called a purchase sale or transaction. In fact to date they are still named as this. And well where Is the fatal error?

Had this model been maintained, it would not have been possible much of what Today we know. Imagine that you go to a bank (credit institution operated by pigs and owned by wolves) and apply for a credit to buy food, the bank asks you to give a guarantee in return for this secure the sum loaned. To which you, farmer sheep give in pledge your grazing plot and farm. The problem is that for a long time banks have not they lend gold to anyone else rather they accumulate it in a frenzy almost as a collector or dealer of art, it will be for something ...

On the other hand, the bank does smarted offer you some pieces of paper with figures of wolves and pigs illustrious. only for it is rooted and well assembled that scheme in society not this would not even serve physiological hygiene purposes since theses are usually of small size. To those Pieces of paper are called money, and money is the basis of everything on modern farms.

Well, what's wrong with that? Ask a crazy goat.

Until then everything is fine except that paper it is printed by the same bank or another bank of banks (central bank or federal reserve).

Then how it may be that something that can be manufactured, destroyed, frozen, overvalued and devalued at the discretion of a few wolves back the requested loan (wet paper) and for which I had to leave in pledge a real property, tangible, productive and with an exchange value that if we base it on the barter would be equivalent to a good or service of similar utility. We already said it before, everything is based on society or rather on the trust of society towards that piece of paper. That kind of currency or money is called Fiat or trust money. In a scheme of exchanges regulated and backed by the farm this would not be more problem, the amount of issue and value of that money would set the productive capacity of the farm as well as supply and demand something intrinsic to the capitalism and the free market.

In theory, this is how most of today's farms work, except for the occasional (dictatorship) ruled by some beloved supreme leader charismatic . The detail lies in the fact that in our democratic farms who govern, plan and implement the different monetary policies is always a group of wolves assisted by the most select and refined pig lineage. And that is a aberration, and I recognize this without be very smart that something like that is obscene. It's like putting a pig to guarding a few truffles, the wolf is a cunning animal by nature and as we have seen it only pursues its own good no matter what else. But the idea of combining a wolf with a pig in fiscal matter and monetary only produces greed. Greed is that addiction to money that compulsive urges you to get more at whatever cost and is well-liked as long as you are a wolf.

Yes, because if a sheep or goat were avaricious, he would already be in jail. So if a wolf has let you down or flatly steal your money this is normal, if the amount stolen is small the punishment social tends to be great. Because of this, a wolf does not steal or defraud crumbs because to do so would be degraded to pig thus losing the protection of other wolves. On the other hand, if a hungry sheep steal something to eat in any supermarket chain or mall the punishment is usually the prison and the stigma of for life as a thief.

Well and with that and the death of capitalism?

Let's see...

Greed at very high levels is supported by impunity and this in turn by corruption So it is not difficult to understand the fact that a bank is going to lend you what it does not have.
how..?

Yes, since banks do not lend you real gold but paper, in some cases backed by gold and many others without any support is to say fiat. And we add to this the fact that like the wolves they create the rules and for their convenience said banks do not require having all the gold or all the they lend. And only by law must have a percentage of their total capital (usually lower to 10% and in case of extreme brazenness only 2 or 3%). Then the bank is free to lend the other 90 or 98% to whom it deems subject of credit or to other banks and to carry out diverse operations of character speculative with rare names and animal logic absent.

So what happens if you, sheep decide save or keep your money in the bank? Well, the bank only by law must retain 10% of that money and the rest can be lent to another client, so these smart and illustrious characters not only lend your money but also the money or fund negotiated with another bank, investment fund or central bank based on your liabilities such as your farm mortgage.

Let's see if I understand, first they lend me an amount, an amount that is digital and not effective because it is associated to my account not deposited in said bank. I mean it does not exist in the bank until I use it then of that amount they only have 10% as backup. And the amount (liquidity) negotiated with another bank, investment fund or central bank based on your current liabilities (among others your mortgage) Should they only keep 10%? Principle of fractional reserve (5).

Yes it is.

Understand that the bank is refinancing (re-mortgage), or selling your debt to others. Of that Forms the money that they lend you recovers at an interest rate lower than the loan rate granted. That difference in rates plus other concepts is called profit or profitability. So when recovering this capital as a result of operations with third parties, current liabilities or debt changes hands and returns to the bank in liquid form, with which the bank increases its assets, which serves to grant more credit and the cycle is repeated to infinity (credit bubble).

Well almost...

So the bank is insolvent? Ask a sheep with symptoms of getting angry.

Yes, in effect the bank is insolvent because that loan and leverage scheme only generates two things: more profits for the bank (for interest and commissions) and the increase in debt public and private which polarizes capital which only moves in one direction. It's simple, it's like a children's game in which I take away everything you have until you have nothing.

Well, smart!.. I'm going to withdraw my money right now.

OK, there's no problem as long as we have that amount in branch and almost always have it since a sheep does not have large volumes of capital or the via credit or savings. The problem is when in theory something that should not happen happens, and is that sometimes (almost always) banks by greedy mess in the murky and speculative business they do. It is enough that a large bank (of those that should not fall) falls. That is called bankruptcy and this single fact poisons the entire financial system (here you have to run: fast as you can). In front an scenario like this everyone sell everything they have including your mortgage and therefore increasing the risk level given the associated default factor. Reducing this the value of everything mortgaged and increased the interest rate associated with these loans.

And the bubble explodes!

Meanwhile, once that bank is rescued or liquidated, you will receive a portion proportional to the amount of your funds deposited prior to a crisis less the difference to the liquidation or redemption value (if you have luck). So you do not have the same amount as you already had, but have a higher amount in relation to your debt since the level of default risk increased for that bank and the entire financial system associated.

Then you owe more and have less, all courtesy of your beloved bank. In this type of farms who are rescued is the creditor (the bank that screwed up) and not the debtor (You). A financial corral will be imposed on you to avoid massive capital flight to other farms healthy as well as prevent from you finishing off the already sick financial system.

But you must have already got used to the corral, all your life you have lived on a farm called society. So in your case there will be no panic, until you try to withdraw your money from an ATM or directly at the branch.

By then it will be late, wolves as well as the most refined and stale pig lineage will be diner a juicy steak of lamb (your first cousin) marinated in O'Porto wine somewhere at the base of the Alps with an elegant music by Claude Debussy (6) something like Clair de Lune and drinking a Cup of Don Perignon harvest of 66.

To your health..!

Does it sound familiar to you?

OK, by then you will have lost your capital illusive sheep, daughter of sheep's.

That only was the beginning, you have more.

Much more wool to contribute ...

You can read or download the full text at:

<http://io-exchange.com>

Good luck & enjoy!

Azazel0101

</>