

## Capitalism, a New Definition...

From a Post by Neil Garfield October 23, 2010

**It is not true that another bailout will be required to maintain our financial system. In fact, if we want to return to true capitalism we must let the mega banks fail if they indeed run out of money. The reason is simple: this time, there is not even the hint of a risk that the economy will lose a source of capital for economic growth. Wall Street is busy serving itself steaks while the rest of the country strives to eek out an existence on day-old bread. Wall Street does not provide capital anymore — it consumes it.**

**We have 7,000 strong community banks and credit unions and an infrastructure that works for electronic transfer and communication of money transfers and payments without the likes of the mega-banks. Returning to a decentralized banking system restores power to the people and their government and stops the hemorrhaging of capital caused by the “new” Wall Street. We regain BOTH capitalism and democracy if we get rid of the bank oligopoly.**

**The engine is full and the box cars are empty. How is it that the people on Wall Street are making more money than ever while the rest of the country’s hardworking or wishing they are were hardworking citizenry languishes in unemployment and declining median income. In fact, if you took the median income on Wall Street out of the equation the picture would look like, well, the way it is — deplorable.**

**We have been so absorbed with NOT becoming socialist and maintaining our capitalist economic system that we forgot to look at our political system — that it is controlled by large corporations instead of the people. In the process we have lost both capitalism and democracy. Capitalism, as its name suggests, is an economic system which is intended to provide the engine for economic growth and prosperity. It does this by creating innovative means to distribute capital to new businesses and expanding businesses. It is supposed to be the engine that pulls the box cars full of the products and services we make and provide. Wall Street doesn’t make cars or toasters and doesn’t wash cars or serve the toast to you at breakfast. It has no purpose other than to provide the necessary capital for a business to be started or maintained that will provide you with the products and services you need or want.**

**Socialism, on the other hand, uses taxpayer money to fund various services and to underwrite the risks of many new ventures that are deemed useful for the country or its citizens. Most people in this country don’t want the government**

**making those decisions. But that is what has happened — and I’m not talking about social security or Medicare. I’m talking about tax breaks and direct subsidies to big corporations that in many cases pay no taxes, get government contracts, paid with taxpayer money in a non-bidding contest of who can lobby better. In other words, I am saying we already have a socialist economic system — but in our case it is run for the benefit of the corporations and the holders of wealth rather than the working men and women of the country. It’s an interesting twist on the original idea. And it stinks.**

**While we were sleeping our way through the last 4 decades, the creation of capital for itself has become the priority. Not surprisingly proprietary currency in the form of credit derivatives has soared from zero in 1983 to over \$600 trillion today. Yes, the total of all government-issued currency is only \$50 trillion versus the \$600 trillion that Wall Street issued. In other words, privately issued “currency” is now more than 12 times the volume of real money issued by all the governments of the world. And Wall Street is making money not by providing capital to our economy for the needs of our society and governmental functions but rather, for itself.**

**It therefore should come as no surprise that big corporations actually make the rules and enforce them. After all, they have the money and neither we nor our governments have anything that compares to their enormous “wealth.” Having all that wealth and power makes it easy for them to scare us. They say “socialism” and images of Hitler and Stalin come to mind taking all our liberties away. Meanwhile they suck the taxpayer money into their own pockets while at the same time convincing us we are not entitled to share in the benefits of the taxes we pay. Like the the other recent Wall Street schemes, when things go well they make money and we make a little. When things go badly, they make money and we lose money. They never lose. They have no risk. And they make the rules that insure that the status quo will be maintained.**

**It is for that reason that I say that I won’t vote for anyone who uses the “boogey man” to scare me into voting one way or another. If they say “Socialism” I want to know what corporations are subsidizing their candidacies behind what are now permitted anonymous donations — and especially how much those corporations receive in benefits from tax breaks and subsidies.**

**Which brings me to the question posed by the title of this article; BOA reported a \$3 billion profit, but it also reported a \$10 billion charge (a “one time” charge allowed under the rules of accounting). At the end of the quarter they had \$7 billion less than they had before by even the current stupid accounting standards that allow management to value their own assets. Yet it is accepted that even**

**though they have already admitted that they will continue to have more of these “one-time” charges, they should still be viewed as having made \$3 billion and their stock is valued as though it was \$12 billion per year. By the way, these “one-time” charges are gradual admissions seeping into the reports of the trillions of dollars Wall Street stands to lose as investors and borrowers start connecting the dots and collecting money back from a pot of ill-gotten gains.**

**So their stock is valued as though they were making \$12 Billion even though the reality is that they will lose at least \$50 billion, at a minimum over the current year, and it could be a multiple of that figure. The fact that they were willing to sponsor perjury in affidavits, misrepresentations by attorneys, and outright fraud on the courts is not yet taken into account in discounting their prospects as a viable institution. Instead, because we are led by people who are getting information from Wall Street and accepting it at face value, the myth is that if we tell the truth, another bailout will be required.**

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