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Capitalism's Cancer

A number of years ago I was familiar with a pastor that regularly told his congregation not to be surprised when they were confronted with sinners sinning. He likened the sinning to their job description. The pastor had a little trouble however understanding that Christians sin also. In his theology by sheer hard work, diligence, and a little empowerment from the Holy Spirit all saints could lead the victorious life.

Somewhat as the members of the pastor's congregation, we should not be surprised when capitalists make lots of money. It is their job description. Just like with the church and sin, it is likewise with capitalism. Just how much money is the just fruits of one's labor and when does the fruit turn to greed? We are not going to handle that debate other than to comment it pretty much depends, as in church, on whether you are on the outside looking in, or on the inside looking out.

Humans, as stated in the Declaration of Independence, are endowed by their Creator with certain inalienable rights, life, liberty, and the pursuit of happiness. Beginning with Scottish jurisprudence, defining British common law, and codified by American legal precedents, we give corporations personal judicial standing to make money. This legal standing is the basis for the economic system we call capitalism. However to say the corporation is evil by design is to levy our present sins upon these enterprising ancestors.

When you hear or read critics of capitalism, for the most part the critique says that corporations have no soul, all they want to do is make money, where is the social justice, or an now popular term, empathy? However western civilization never endowed corporations with such human attributes. Corporations are a person in the sense of a very limited individual pursuit of happiness, directly



flowing from the process of generating monetary capital to produce human wealth. That wealth that flows to humans, is hence supposed to be utilized for the pursuit of happiness, liberty, and life; including benevolence, stewardship, and charity among a host of others.

It logically and legally follows that the outward folly in capitalism is not with its structure, but more to the reality that the persons who obtain that wealth do not apply it to any means other than reinvestment to make more money and by extension produce greater wealth, essentially only for themselves.

Going back to 1776 and Adam Smith's "Wealth of Nations" there was an "invisible hand" that guided this wealth production. It was and is still generally assumed that free laissez faire markets are the manifestation of that invisible hand. Those markets defined a basket of goods and services, in recent history emphasizing the consumer.

Disease comes into play where, while the hand remains outwardly invisible, it really isn't. Behind the scenes, markets are not free but being created and manipulated wholly in the pursuit of money, so that the linkage between the goods and services are distorted, if not broken entirely. The whole sickness becomes cancer just like in real cancer, where the disease takes on a life of its own, soon devouring and killing the body that once provided its host.

Here in the summer of 2009, capitalism has three visible forms of cancer. They all have divergent symptoms, but the underlying cause is the same, and that growth must be treated if the United States, and modern global prosperity is to be restored. Cancer is treated by and operation to removed the tumors followed by chemotherapy.

Those three forms of cancer are: Wall Street, Healthcare, and Energy. These are somewhat systemic diseases in American capitalism, but their infectious tentacles are the underlying cause of this current worldwide deep recession, or depression, depending on your location and diagnosis.

For sometime now on Wall Street, the Dow has been trading in the range of the mid seven thousand. This is just a bit over half it was at the high in the fall of 2007. It moves up a few hundred points on the wishful thinking that the worst is behind and then loses those gains when that optimism bears unrealistic.

This week healthcare is the current national political discussion. The facts are, American healthcare costs too much and rations services to those unable to pay the rapidly rising premiums. So far this discussion is pretty much like the discussion about capitalism generally. The solution to capitalist and insurance greed is for the government to take over the program. All this would do is turn a disaster into a catastrophe and do nothing to curtail rising long and short term costs.

Similarly to the healthcare kerfuffle, nothing has been done about the United States reliance on imported oil since the 1970s. The technology has been pretty much there, but the national will has been to pay others through environmental imperialism to provide our energy while we pontificate on political hot air. That has begun to change with the recent carbon cap and trade scheme passed by the House of "Representatives"? This bill will have no effect on global carbon emissions. Other countries, especially developing countries, are not going to play. Furthermore, greenhouse gas emissions have infinitesimal effects on climate compared to solar activity and water vapor to name the major two.

So the United States economy has three types of capitalist cancer, but really only one chronic disease. That cancerous disease is not one of the definitional attributes of capitalism, but rather mutation of relatively recent vintage and that is "too big to fail" investment and commercial banks and their market making friends and accomplices.

Wall Street because of its relatively recent nosedive has basically cost older Americans the retirement investments that they worked a lifetime to accrue. However as long as stocks are bought and sold, even at reduced volumes, investment bankers and stockbrokers make a commission. Investment banks in this country make or create those "stock markets" as part of their job description.

There is nothing necessarily wrong with that concept, but a cancerous disease develops when

the market making ceases to represent the real world and takes on its own speculative, how much money can we extract life. In that respect this mimics simply natural cancer, which left unchecked and untreated will quickly kill the source of its life.

As long as medical insurance companies can sell insurance, medical equipment and drug companies will continue to increase prices and as long as people can continue to pay for it, the various medical service market makers will continue to make lots of money.

In fact, as with healthcare, pretty much all of consumer spending is market making to create a demand for some superfluous need. Consumer spending is driven, not by an invisible hand, but the manipulative tactics of big advertising firms using propaganda to convince you emotionally to buy something you don't need with credit you cannot afford. Herein lies a market making cancer that seems as if it may have forced itself into temporary remission because of economic realities. But rest assured that remission is envisioned to be only temporary.

Then with cap and trade we have the ultimate Ponzi scheme, the ultimate cash cow. You simply take two parts of the third most common element in the universe oxygen and one part the fourth most common element in the universe carbon and putting the two together you have carbon dioxide. When you combine the two that is generally known as combustion, or in life forms metabolism. Then you sell a piece of paper that says to make carbon dioxide you need to pay for it. Why sell the sand of the sea, when silicon is much less prevalent and it actually has intrinsic weight, which you would have to create carbon dioxide to transport.

Come to think of it, cap and trade is also the ultimate human religion. A now dead founder of such a religion said that starting a religion is a great way to make a lot of money. So religiously we hope and believe that we are saving the earth just like God and in the process if we all work together there is nothing humanity can't do just like Babylon. In the process of taking on natural law however, we severely restrict human potential for development within natural limits.

The unenlightened of developing nations find this whole concept foolishness, basically because their whole culture has been developed upon the precept of appeasing nature and its gods. The concept the through expensive enlightenment games we can overcome the nature of creation is completely inane in the abstract, and it really shows a complete lack of real understanding.

Notwithstanding the lack of intelligence of the whole program, lobbyists for various special rights special interest groups, used their not so invisible hand to help our "Representatives" change a bad piece of legislation into a cancer on the economic growth of the United States. By limiting market choices of energy supplies to those, which can't tangibly fulfill their rosy growth projections, we have thus determined to make the current energy imbalances into a systemic energetic cancer.

Last week there was a lot of conservative chatter about "too big to fail" Goldman Sachs that had repaid their TARP funds and achieved amazing profits, speculating in oil. All the while former officers of the company are present in many Obama administration financial positions. Just like corporations are designed by man to make profits, investment banks are corporations designed to make profits by making markets for just about anything, and during the trades take a commission on the sales. Goldman Sachs is good at what it does so does that make it an evil cancer?

As a general rule, compared to the money they made as investment bankers, the former executives of Goldman Sachs now working for the government are by their standards pretty much on government welfare. We might consider it a good salary, but for them it is a pittance of a small yearly bonus check. So absence any collusion to reap hidden profits from government deals, you pretty much have to say that most of these posts are filled with people trying to make the bad news better. Just because it is a network of white males doesn't necessarily make it evil either.

The real question is do these inbred executives have the wisdom to fix a problem, which they consider essentially procedural rather than a cancerous disease that they have no basis to even quantify? They make the markets, so how can they

understand that the markets they make ex nihilo are the problem.

There will never be a substantial market for sand, other than as a local commodity. Locally septic tank spec washed sand sells for about 14 a yard, FOB. Transportation to my neck of the woods pretty much doubles that price. There are mountains of sand between my place and the supplier but none of it meets the washed and mesh sizes of the expensive stuff, so for septic drain fields you have to pay the price. That is true capitalism.

We may end up with an energy tax on Carbon Dioxide, but to say it will save the world is enlightened elitist religion, which may fund green technology, but there still is an abundance of cheaper oil. That tax is not capitalism paying its dues; it is market making hype for a cancerous energy policy.

The Saudis announced that the price of oil was going to go to 70 a barrel. Just below where green energy becomes economically marginal. They have the wealth to make the oil speculation market themselves, but if that reality leaked, they would have a tremendous political price to pay. It seems the best alternative is to hire a market maker and allow them to inflate the price and both players will make out like cancer carrying bandits. Done properly you make money on cap and trade and oil speculation at the same time. As an investment banker it doesn't get any better than that.

I had an echocardiogram of my ascending aorta and porcine heart valve a couple of weeks ago. From what I remember of my last echo a couple of years ago, the machine was quite large and only showed results in black and white. This new machine basically sat on a desktop and had contrasting colors to show many of the different aspects of the procedure. I'm sure that this new model is much better than the old echo machine, but really how much of our medical bills and insurance are the result of market making of various patented or branded medicines and medical equipment.

We have learned from the various meltdowns, bailouts, and bankruptcies is that there is a definite disconnect coupled collusion with

Washington DC New York City, against the rest of the country, and for that matter the rest of the world. That is simply because financially they are so busy creating and selling hedge funds, derivatives, bundled real estate securities, stocks, bonds, mutual funds, insurance, reinsurance, and many more investments, and making healthy commissions thereby, that they no longer have a place in the real world. They are a cancer on the economic prosperity of the world, simply because they think that they are the economic prosperity of the world.

What makes this cancer possible is financial leverage. All the above mentioned "securities" are assets in the monetary sense; hence as pieces of paper or faux pieces of paper they have value, just like paper money used to have value. That value trades in fixed markets of the market maker. In reality they are de facto monetary units similar to governmental issued money, without the civic responsibility or the political repercussions. The real cool thing is that they only relate to the real world in the aspects that the market maker wants them to relate to the real world. The meltdowns occurred when real people said they wanted real national money for these investments and the leverage was too high to process that conversion in a satisfactory period of time. Thereby the meltdowns just happened, somewhat like an act of God?

In response American political leadership, denied any involvement in the disease. However, they were just padding their own markets with political contributions and junkets. All the while maintaining they were just out to a free lunch at the homeless shelter in their district. Then they bailed out their fiduciary responsibility with government debt and a couple of non stimulus spending scams.

Now an operation to exorcise high faux wealth leverage from the financial markets would be a step to quickly restore the opportunities for real world wealth production. It is amazing that the socialist countries of Europe, especially Germany seem to understand this principle. It may be a few years of hot summer nights before that air conditioned wisdom again rests on American shores.

In the meantime the American people must become the chemotherapy, save a little money if you can, but don't save that money as an investment, but as the source to cut your credit exposure. Not to

sound melodramatic but the good old days were not that bad. It may just be an aging memory but back then most people were not in such a big hurry to go nowhere.

Cancer is a disease that at one time killed pretty much everyone it struck. Now this is not the case, but still the best prevention is still a healthy lifestyle. If everyone practiced a little self discipline, recovery is possible. The truths that made this country unique in all of human history are still absolutes of reality.

We hold these self evident truths that all men were created equal and were endowed by their Creator with inalienable rights of life liberty, and the pursuit of happiness. All that is needed to really cure the cancer of Washington and Wall Street is for Americans to return to the principles of the American republican experiment. Therein money becomes a medium of exchange and not an enlightened leveraged cancer.

This mess happened because we were lazy and didn't hold anyone, including ourselves, accountable for our slothful negligent lifestyle and now time has come to reorder the priorities and seek to cure the cancer through natural means. For the cancerous market making diet of those who think they lead and who want to control our future, have yet to realize that they are truly the disease.