



Matthias Weik and Marc Friedrich - We are increasingly becoming slaves of the corporations



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Wealthy countries are also affected by such social disparity. In Germany, for example, 36 billionaires own more (in total 297 billion Dollars) than the poorer half of the population. Oxfam criticized this development, pointing out that it has to do with the possibilities for wealthy individuals and international corporations to secure advantages for themselves at the cost of the public. They use aggressive tax-evasion, direct their assets into offshore tax havens and drive whole countries into ruinous tax rates competitions.

German financial experts and authors Matthias Weik and Marc Friedrich, foresaw this development and have researched the causes for it. They say that the rich will become wealthier and will increasingly take control of the direction things are moving. Both studied business administration and economics and voice the opinion that due to the up-coming break-down of the financial system, financial investments are not advisable but rather investment in tangible assets; real assets like property etc.

In an interview from May 2016, at the Frankfurt Stock Exchange, Weik and Friedrich summarized the findings and insights they expressed in their newly published book: "Capital error - How our wealth is being destroyed and why we need a new economic way of thinking".

The catastrophe is that the promised so called Trickle-down effect – meaning that the wealth of the rich would seep down, little by little, through their consumption and investments to reach the lower classes of society - simply does not happen. According to them the reason for is financial capitalism which spreads the assets completely unfairly, promotes only the rich and focuses on profit. Compared to financial capitalism Weik and Friedrich support real-asset capitalism because it invests in properties and serves the production industry. Today 90% of money is in the financial economy and no longer in the real economy which suggests an increasing gap between the poor and the rich. This should all be a warning signal for us that capital mistakes are made by the financial system which nobody wants to learn from.

The debt system is a major problem - the debts are increasing so that the assets of the rich increase too. That is why we are increasingly becoming slaves of the big corporations, have to work harder and harder ourselves, scan at the every cash register, pay more and more fees for everything possible, but in return receive less and less. I quote Friedrich: "Someday everyone will be wondering why he doesn't have time to read a critical book anymore or to watch helpful, informative YouTube clips because we all have to run faster and faster in the treadmill. That is probably intentional since an uninformed citizen is always easier to rule over and manipulate than an informed one". Listen to the excerpts from this interview with Matthias Weik and Marc Friedrich from May, 2016. Inform yourself and spread this information so that the corrupt financial system - which only serves a few of the world's richest allowing them to become even richer - is exposed for what it really is and can be fundamentally renewed.

Marc Friedrich: We definitively found out in our research that the crises are deliberate, that the money always lands further up with the rich and less and less moves down in the trickle-down effect and that the inequality between rich and poor increases more and more. And we have mentioned or found unbelievable examples - have also written these down in our book. And so, the reader will learn very, very much and also understand the crises – why they always occur in cycles, why they, as already mentioned, are sometimes indeed deliberate and why there is a transfer of wealth from the bottom, from the middle to the very top.

Reporter: You have also described how the current situation developed. Could you summarise this for us once more?

Matthias Weik: The crisis arose, simply put, due to much too low interest rates and too much cheap money. We are fighting the crisis today with historically low interest rates and endless amounts of cheap money. But I can only stress: in the history of humanity a crisis has never been sustainably solved by printing money. Even if we're now trying to do this on a global level, it will not work.

Friedrich: In the course of Neo-liberalism, during the 1980s, it was Clinton or also Thatcher, and especially the red-green government in Germany in the 2000s, who radically deregulated the markets – and the financial industry particularly benefited from it. And we can see now where this has led. In 2008 our global financial system was right on the brink of the abyss. The financial markets cannot regulate themselves. Quite the contrary, they move from one crisis to the next. And for this reason we demand very clearly that – we are big friends of capitalism, of real capitalism – but, that financial capitalism definitely has to be brought under control. We have to introduce anti-cyclical capital market controls; we must tame the markets again and bring them back on the right track, so that they serve the people and not only themselves. Otherwise, the next crisis is definitely preprogrammed. And a warning sign or proof that warning signals are becoming more frequently, is of course also this irresponsible central bank policy. We are experiencing a central bank experiment par excellence. If everything really is so wonderful in Europe, then why has Mr Draghi reduced interest rates to a historical low of zero percent – just think about it for a moment, Julia – zero percent. And why has he extended the buy-back program and indeed further increased it by 20 billion to 80 billion Euros per month? Well, we can only shake our heads in disbelief! This is irresponsible!

Weik: Capitalism is good, real capitalism, but financial capitalism is bad capitalism, because

it distributes wealth in a completely uneven manner. Imagine - 62 billionaires possess as much wealth as three and a half billion people today, so the productive capital is no longer fairly distributed. Apart from this, it is sufficiently known that man himself is fallible. That means, it is reasonable to spread the capital more evenly, so that even if one or the other person makes a mistake, no such unbelievably large damage will be caused.

Friedrich: We still sense the aftershocks of Lehmann and Hypo Real Estate today. But back then, the politicians did not implement that necessary paradigm change. Quite the contrary: In front of the cameras promises were made that, yes, we will bring the banks under control and introduce a financial transactions tax and Basel III, yes – but in the end nothing happened. We can see it: The markets are once again out of hand and there are peaks on the share markets; the bonuses are flowing in abundance again, the banks have one court case after another, actually because of their systematic fraud. Deutsche Bank has 6'000 but we are also speaking of other banks. And indeed we have made a bold prognosis in our book regarding Deutsche Bank, but that is another story. So, the fact is: In 2008, the politicians did not draw the necessary conclusions. This is a serious mistake, in our opinion, and it will cost us all dearly. Because we still pay homage to this false and misguided Neo-liberalism and hold tight to this kamikaze mission and have doubled the debt since the crisis. We have pumped trillions into an ailing financial system, where we can only shake our heads and say: This money would have been spent much better in the real economy, and would have achieved much good. If we take Greece for example. Greece has received the third rescue package – we are talking about 300 billion. We all know in the meantime, that 90% of this money never arrived in Greece, otherwise that country would be the land of milk and honey by now and we wouldn't have youth unemployment of over 50%. The money just went back to the financial institutions in Frankfurt - back here - to Paris and to London and simply saved the banks. And that alone is the real scandal that we practically try again and again to save the patient with the same failed medicine. But that's the way it is in the free market economy: When a medicine doesn't work or even has damaging side effects, then it will be removed from the market and prohibited. But here, ECB and the Troika and those responsible in Brussels and Berlin try to cocker up the patient with the same failed medicine every time, probably until he drops dead.

Reporter: Why are crises arising again and again in this system? You explored this very well too, the question why those cycles take place again and again why these crisis cycles exist.

Weik: Very simple: At the end of each cycle there are not enough opportunities to earn productively sufficient returns and then the gamblers enter the scene, then comes the finance sector, then comes financial capital. Today 90% of the money is invested in the financial sector and not in the real economy anymore. We really should be concerned about this. We are currently once again in the last phase of our cycle, the digital cycle – and once again something new will emerge. The world will not collapse. But at the moment the gamblers are clearly at work and they dominate – as bad as it sounds –the real economy as well.

Friedrich: Imagine that 90% of wealth worldwide only circulates quasi incestuously in the financial system, it is not productive. We need productive capital! Currently, we have just money, hacking money! Money earns money simply by swirling around – this cannot work, it will not work here. But the absolute catastrophe is what was promised by Neo-liberalism, the so-called trickle-down-effect – that in essence wealth supposedly would trickle down from above at some point to the middle classes and then on to the lower classes. That does not happen anymore because through the hijacking of financial capitalism an insulating layer has

been created between those at the very top and the rest of us. And that is dangerous. Since then, the money, the wealth, has always stayed at the top, and we have seen this again now: Since 2008, the concentration, the allocation of wealth is held by fewer and fewer protagonists. There are 62 billionaires that possess as much money as 3.6 billion people. And this number has decreased. In 2010, there were around 120 billionaires that possessed so much money – it becomes more and more extreme! This inequality will continue to increase – and these are warning signals for us showing that those are serious mistakes we haven't learned from and yet we can still save the situation.

Weik: Why are they getting richer and richer? A) The cheap money from Mr. Draghi but B) what we also state in the book is our unfair global tax system. When a few succeed, due to tax havens, that means that conglomerates or the super-rich have to pay barely any or even no taxes and we as average-earners are fleeced. This is merciless injustice and it will lead to uproar. Sooner or later, the people will no longer accept that large internet traders pay a mere fraction of their taxes in Luxemburg – and here, a small bookshop in Frankfurt, has to pay up in full. And that is just not possible! Or cellular phone; telecommunication corporations – we have absurd examples, a large mobile phone manufacturer, that received a tax rebate from Germany in one year although it made huge profits ...If we do not change this at a global level, we will have a huge problem.

Friedrich: I mean, how can someone like Mr Junker explain to me how he's going to bring tax justice to Europe, when he as former Minister of Finance and Prime Minister of Luxembourg was the very person who initiated the Luxembourg tax haven?

In the book, we described that he more or less smuggled 300 large companies to Luxembourg, and literally lured them promising they would only have to pay taxes in homeopathic doses. And that's what they do. Ikea is one example. With a 2.5 billion profit they paid 0.002% taxes. Sorry, but for me that's going beyond a joke. How are you supposed to tell a worker in Hessen or in Berlin to kindly pay his taxes? And we are talking of 30 or 40%. This is tax-injustice. And the system we currently live in, this perverted financial capitalism promotes the wrong ones. Namely only the big ones and the small ones have to go faster and faster on the hamster wheel. And the big ones keep getting bigger and more powerful and are increasingly calling the shots. There is still more - with TTIP, Monsanto, everywhere, in the economy in the markets. We are more and more enslaved to the corporations. We have to do more and more things ourselves, have to pay more and more but are getting less and less in return. And this is the final goal. We are employees at zero wage, who have to do everything by themselves, without the companies having to pay anything. Now we have to do the scanning by ourselves at checkouts, have to pay by ourselves, do the online banking but we still have to pay fees, penalties, negative fees, we have to return the deposit bottles, must collect our Zalando packages from the post office, queue in to long waiting lines or scan again and so on and so on. And nobody notices it. And eventually, everyone is wondering why they don't have time to read a critical book or to watch great YouTube channels that inform you. Because we all have to go faster and faster on the hamster wheel. And that might be intentional, yes. Because an uninformed citizen can always be governed and manipulated easier than an informed citizen.

Reporter: Is this really necessary that these steep curves occur quasi corresponding to the economic cycle? You described pretty well why the economy always has these strong amplitudes. So, is it possible at all to absorb this into the system, to cushion this and not to

let it get all this bad?

Friedrich: No!

Weik: Man is known to learn from failure. And maybe we all have to fail first, in order to learn from it. But of course you can do something on a small scale to protect your savings. More than ever, we'll tell you to turn away from paper - virtual - and towards real assets - And this starts with a 20 Euro silver coin and moves up to a forest, depending on your taste and wallet. So, on a small scale, you can do something. And you can also reconsider where to go shopping. Shall I go to the big cheap discounter or to the small corner shop? What kind of products shall I buy? One topic of the book is also "cheap goods". And we have to be aware that when we buy jeans for €9.99 someone on the other side of the world only earns 1 or €2 a day. And we are only on the bright side because the others suffer. And the more we exploit other countries, the less we should wonder if people will be fed up one day and say, well, then we'll go to where people have better lives. This is not sustainable. Apart from that, it's absolutely absurd that the ones selling all the cheap goods are amongst the richest people. Whether this is the Zara guy, the guys that own Lidl or Aldi and so on and so on.

Friedrich: We tried to make some kind of sweeping blow in the book to summarize all factors. Because this all belongs together. Starting with tax justice, tax havens up to cheap goods - which we all indulge in and experience, injustice, and the monetary system and so on. And only then you get the full picture. If you put all these factors together, you have the full picture like a jigsaw puzzle and you can see where the single problems are located. And that's where we have to start!

Weik: How can it be, that the world's biggest market with a volume of over 700 trillion is completely non-transparent? The so called OTC, the "Over the Counter" business. Why can't this be regulated? How can something like this – financial atomic bombs – keep circulating? There are even more of them now than since 2008, that is, we did the exact opposite, we made this even bigger. And if the next derivate bombshell or just a part of it blasts, everyone of us will be affected, much more than with Lehman Brothers.

Reporter: I'd like to go back a bit, to the Kondratiev waves or Kondratiev cycles as they are often called. You wrote a whole chapter on this topic to show: Those are basically the long cycles in contrast to these short-term economic cycles. But many also say now that these Kondratiev waves no longer play any role these days. But I think you demonstrated pretty well why they still do.

Friedrich: Well, there are long cycles – about 60 to 70 years according to Kondratiev – and there are short cycles – that are about 7 years. This is also known from the Bible – 7 year cycles, canceling debts and so on. And looking back one must admit: Kondratiev actually was right! Regarding the past, it was true that every 60 to 70 years an era ended, yes, for example the "Age of the Railway" came to an end. And the problem is that at the end of these waves too much capital, speculative capital, was still being pumped into this dying technology. It was like that back then with the trains, the building of railways ... yes. Many lost a lot of money. There was a big crash, a lot of money got destroyed or burned ... and then a new technology comes. At that time, it was the car for example. Then the chemical industry came, and so on. Those are always kind of waves, TV was an industry like that. Right now we are in digitalization, well, we think at least, this wave right now is coming to an end - we are at the end of this wave.

Weik: As we already mentioned before: in the end the gamblers and speculators come. If – right now – we look at the DAX-Index of companies like Facebook, or what is paid for WhatsApp, 20 billion, or LinkedIn or even Apple, those are incredible sums that - just between us - have nothing to do with reality anymore.

Reporter: Yes.

Weik: Well, if you think about Apple which doesn't have its own production halls, that is Foxconn, that doesn't belong to them, but it is said to be worth as much as in the peak times ... right now a bit less than ¼ of all DAX-companies together ... that means as much as BMW, VW and Mercedes all together. That can't be true.

Friedrich: Apple is also a great example. The money is no longer pumped into product development. What are they doing with the bulk of their cash reserves? They buy their own shares and they distribute the dividend among themselves. This shows clearly that the system is definitely at the final stage. And at the end of capitalism or financial capitalism, the financial capitalism must always buy the buyers themselves. That is the reason why we have the "zero interest phase". That is why we already have helicopter money buzzing around, etc. And this has to happen! To keep the money carousel running, again and again new ideas are needed. We will definitely see a negative interest rate. Everyone of us will have to pay for the money in our accounts and that is as sure as day follows night. Money is being regulated more and more; speaking of elimination of cash or the 500 Euro note that is now being confiscated step by step. Dear readers, dear listeners, we have written it very clearly in the book! Don't be fooled! It certainly isn't happen because of terrorists or because of the evil tax evaders or anything like that. Concerning criminal practices, we have already asked many politicians why the terrorists or the Mafia should not just switch to 100 Euro notes or to diamonds or gold. They only look at us with big eyes and have no answer, of course. It is certainly about incapacitating citizens, about transparency, about keeping them on a leash, about control, power, and about financial repression. This will more and more be the final destination. In the future we will experience things that we cannot imagine now. But this was certainly only the beginning of the whole game.

Weik: In the end, the simple question is who will pay for the crisis. And who can pay it best? The people with their savings! There are 2.5 trillion alone in cash property lying around. If we have a negative interest rate of 4 or 5%, then we can keep the game alive for quite some time. But people are clever and can do the math! To ensure that they do not withdraw the money, there will be no ban on cash, but cash withdrawal restrictions. Let's say, everyone has saved 50,000 Euros, but only can withdraw 1,500 per month or per year. Then the interest can be installed quite easily. And that's what it's all about. And we are step by step being prepared for it and the "evil"; 500 Euro note has nothing to do with it.

Reporter: What you also address in this book is something... well with a special wording. You just emphasized particularly, that it is not a critique of capitalism but it is a critique of financial capitalism, perverted financial capitalism. You pointed out the real big difference between market economy and capitalism, and I think that is a very important point.

Friedrich: We have created wealth, which no one can deny. That was capitalism. But this capitalism was seized by Neo-liberalism and financial capitalism twenty or twenty-five years ago, and became perverted and that is unhealthy. And that is the way we live now. In Germany we have the largest low-wage sector of Europe. More and more people are not

able to live of their manual work. They cannot create an adequate old-age provision. How can someone working in the low-wage sector provide for his retirement if we have a zero-interest environment? This cannot work. A wave of substantial old age poverty is coming at us. Many predictions came true and we are surprised and also partly concerned about the dynamic they arrive with. And we have tremendous fears that we will unfortunately continue to be right. But, we are not giving up hope - going on informing our fellow human beings and proposing constructive solutions to the politicians in Brussels and Berlin. That is why we intentionally included solutions that are really simple, both for Greece and for the Euro, for the monetary system and for everything. You just have to read it in chapter 7. Anyone can do this if they want to. But we fear that the courage and the willingness, naturally is missing. And that the protagonists in politics have no interest in change, because the whole project or the whole system is highly lucrative for them, of course.

Weik: It will be expensive one way or the other. But it will definitely be cheaper to shut down the system in a controlled manner and implement a new system than in a crash. And when we look around, we are now in a currency union and a political union. In our neighbor countries, whether it is Greece - Greece is still bankrupt. In Spain not much is improving either. In Italy industrial production is low, high unemployment. All countries, whether France, Spain, Italy, Greece or Portugal, are all worse off with the Euro than without the Euro. And we are worried about France. There will be elections next year. If the wrong party wins, and Mrs. Le Pen realizes her threat, warning, and intent, and says she is leaving the Euro. We must all be aware - including the people down here at the financial markets - that the following day we will have no Euro anymore and completely different problems. We have talked a lot about numbers, but little about the human factor. The human factor will be the one determining the crisis. We see political change all across Europe. People are no longer accepting lies, and we, as convinced democrats and Europeans, are concerned about the direction Europe is heading.

Friedrich: What really worries us is that democracy was one of the first victims in this crisis. Because, if you think about it, we already mentioned it before, we think the crises are deliberate! Since 2008 billion-dollar rescue packages have been passed on to a washed-out financial system which wouldn't have worked under normal circumstances, without this pretext of a crisis, this activism and the fear-mongering according to the slogan: 'We have to save the Euro, we have to calm down the markets, we have to do this and that!'. The majority of the people would never have agreed. Or even these laws or what the ECB does, in democratic terms, it is more than questionable, yes. And for us as those dedicated to democracy it is unbearable! And then of course this concentration of wealth: The super-rich have never had such an awesome time as now. Because just within a few years, their fortune has increased by 20, 30, 50%. Down through history, when things become so unjust it breaks down again. Because, at some point, the dissatisfaction becomes so big, social unrest, uproar, etc. arise. This is the really big problem and of course, the debts also grow because the deposit must grow as well. We know that the problem is the monetary debt system, because we have an incorrectly knitted monetary system. One should never forget that debts are never repaid! Debts can only be resolved in 3 different ways. That is: inflation, monetary reform and war, yes. And now you can only hope that 1 + 2 will work, but with 1 + 2 the losses will already be over 50%.

Weik: We have to start again to save people and not the banks. We wrote a very exciting chapter about that. We just compared Ireland and Greece, no, Iceland and Greece. What did

the one do properly and what were the mistakes of the other?

Friedrich: Iceland was massively sort of threatened from outside the country - as one of the secretaries of the president told me – because the pressure on Iceland was enormous. And then it was predicted: If you do not immediately rescue the banks, you will never return to the capital markets and so on. None of this happened! Iceland is doing better than before! Iceland did the right thing in every aspect! Iceland took the bankers to court and even imprisoned them. Now Iceland is back on the capital markets again! Iceland has low unemployment rates. Wages have increased. People are doing well, because Iceland did not spend the rescue package on its banks, but on its people. And this is unique! They opposed all the pressure from the outside – Troika, IMF and so on – and simply said: We red-card you, we have to serve our citizens and not just the banks and the big business. And for that I have to say: chapeau! And this should be an example for the future! Therefore, Iceland, a great example!

Reporter: Very exciting topic! So, you wrote now, why crises are needed in general and why these crises are also intentionally caused, and we also see – that reminds me a bit to the last book title: also "The crash is the solution". People somehow always need to feel the pain before something changes. What do you claim is needed?

Friedrich: The longer we stick to this wrongly knit together currency experiment and Central bank experiment, the more expensive it becomes every day. And we have clearly provided constructive proposals in the book for each of the three major construction sites. First of all 'Europe and the Euro', then, of course, the anti-cyclical control of the capital markets of the Financial Markets and of the banks and insurance companies, and, last but not least, our wrongly constructed monetary system.

Weik: We have to change Europe and the EU. We do not need a super-state called 'Europe', because the beauty of Europe is: We are different cultures and that is how it should remain. We do not need the same form of cucumbers and bananas everywhere, and we do not need the same currency. But an economic union so that Europe works economically together, this has worked for a very long time and that should be our destination again. But we don't think much of uniformity because people and cultures are much too different and that is what Europe is about.

Friedrich: So we are quite clear advocates of democratically based decisions, of more referendums, yes, and that democracy returns, because only if the possibility is granted that people feel they can be heard and can be involved - part of the political system, are we able to deprive extremists from the far left and from the far right of their breeding ground. And that is essential. That's what everyone of us should do. That is why we demand more voting rights about the topic EU. According to the motto: Dear Europeans, do you want to have more EU, do you want as much EU as right now or less or should it completely vanish? Euro, TTIP etc. We need mature citizens and they should participate in decisions. Then politicians are also obliged to provide the necessary information, because it is often said: well, those are extremely complex subjects and an ordinary citizen cannot cope with them. Of course they can! Then they have the responsibility to explain it in a way that we understand it - period. Finished! That is to me what democracy is. And that's where we have to start. It works perfectly in Switzerland as well.

Weik: We need to bring an end to secret negotiations. Especially TTIP, the best example. If it is so good, they should simply tell us and above all why it is so good. Why must it be that secret? Because we have to pay for it anyway. So it should be made public! There must be an end to such secret negotiations and then there has to be a referendum. Do we want it or don't we want it? Because it will affect us and the generations to come. This will be something fundamental. So we should think about it now and decide and not say: Oh, oops, now it's too late the horse has already bolted with the Euro and now we can only desperately hold on - and hope to not fall off.

from dd.

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