



Global Financial System: The Fuse is burning



Why is social unrest increasing so much all over the world? Why is the standard of living diverging between rich and poor more and more? Why can we observe worldwide political disintegration and stagnating growth in the economy? And why do global financial markets - simultaneously to these trends - nevertheless show unprecedented stability and upward trends!? Anyone who deals with such questions will have a powerful “eye-opening” experience with this AZK lecture by finance expert Ernst Wolff: “Global financial system: The fuse is burning!” [read more]

Now let's stick to the topic money. If Mr. Hack provided the elementary school, now we go to college. We have a man among us who was born in China in 1950. This will help us spice up all our Chinese a bit. If you don't understand, I'll translate. No. No, kidding. He is from Germany. He's a man, a freelance journalist and publicist. He writes excellent books and also lectures worldwide on financial developments in the light of financial policy backgrounds. As I said mentioned, the lecture before was really a basis for understanding from scratch what money is or should be. And now it's time to go to the university - financial policy backgrounds. And the man who is going to speak to us right now is already a real capacity, we know him from Kla.TV, he spoke as a financial expert on several occasions. It is none other than Ernst Wolff. May I welcome you.

Ernst Wolff Curriculum vitae - born 1950 in Tianjin / People's Republic of China and grown up in South East Asia. - He went to school in Germany - and studied philosophy and history in the USA. - He worked in various professions, including as an interpreter and screenwriter. - Since the political upheavals of 1968, he has been mainly concerned with topics from politics and business. - He currently lives as a freelance journalist in Berlin, writes regularly and gives lectures worldwide on current affairs in connection with financial policy backgrounds. Publications - 2014: "World Power IMF: Chronicle of a Raid" made it into the Spiegel bestseller list. - 2017: "Financial Tsunami: How the global financial system threatens us all". - 2017: "Facade democracy and deep state", where he is one of the authors, and - 2019: "The deep state strikes", of which he is also one of the authors. - He publishes in online magazines like Telepolis and Rubikon - and produces video shows with KenFM, NuoViso, Kla.TV and other channels. His lecture today is entitled "Global Financial System: The Fuse is Burning".

Lecture by Ernst Wolff: "Global financial system: The fuse is burning"

Thank you very much for the nice welcome. Many thanks also in general for the invitation here. I must say, I'm extremely impressed. Many thanks especially to the many volunteers

who made all this possible. Also to those who are backstage, who are really incredibly professional. I have to start my presentation with a little warning. I gave a lecture in Hamburg some time ago, and one of the audience didn't fare too well. Then an emergency doctor came and found that he had a very high blood pressure. The emergency doctor then recommended that I should perhaps announce before my lectures that they do not necessarily lower blood pressure. Thank you. So, if you look around the world today, the picture is determined above all by one characteristic: instability.

If you look at the European Union, for example, you see in Britain the struggle over Brexit which has been going on for three and a half years, and which, incidentally, reveals something about the nature of democracy in the EU. Because there a people has decided to leave the EU in a normal voting process, and that decision has been ignored by the ruling classes for three and a half years. And the same or a similar thing applies to the conflict in Catalonia, where people are no longer willing to follow the central government and claim their own territory, which is also answered, in some cases, with brutal violence. Brutal violence also prevails in France in the yellow vest protests, which are far worse than they are presented here in Germany, for example. And the separatist movements in Catalonia are not the only ones; we also have separatist movements in Scotland, in Belgium and in Italy.

If you then look at the political structures in the individual countries, they are marked by the turning away of many people from the former people's parties. What is particularly striking is the process of dissolution of social democracy, which is already very far advanced in France, with Germany only a little behind. And I think it is quite a sign of our times, if you look at who is currently running for the leadership of German Social Democratic Party.

If you look out of Europe and turn your gaze to the USA, things don't look any better there. In the richest country on earth, one out of six citizens now lives in poverty. The infrastructure and health care systems are disintegrating, while the level of debt is rising exponentially and the political process has been paralysed by impeachment proceedings against the president.

This impeachment proceeding must also be viewed very critically, because it obviously harms both parties, both parties are accepting these harms, and my assumption is that this whole impeachment trial serves to divert attention from what is going on in the financial system in the USA, because there are quite considerable things happening there at the moment.

If you look at South America, the picture even gets worse. Venezuela, the country with the world's largest oil reserves, is disintegrating and has triggered the largest flow of refugees on the South American continent to date. Chile is experiencing civil war-like conditions, the first since the Pinochet dictatorship.

And in Bolivia, the country with the largest lithium reserves in the world, the president had to leave the country two weeks ago. Lithium, by the way, is in high demand right now because of electric mobility.

In the Middle East we are now not only dealing with war in Syria, but also with civil war-like conditions in Iraq and Iran. Africa still has the greatest social inequality in the world. While the banks and corporations of the industrialized countries plunder the continent with undiminished strength, the pressure on the people who see no future in their homeland and

therefore seek their salvation in migration is growing day by day.

And in Asia, the picture is dominated by the new superpower China, which is trying to build a bridge across the Middle East to Europe with the new Silk Road in the largest economic project of all time, thus challenging the previous number one in the world, the USA. With the consequence that an increasingly dangerous potential for conflict is building up between the two countries, which could have devastating consequences for the entire world, as we have seen in Hong Kong in recent weeks and months. All this shows: The world order, which provided a degree of stability for almost three quarters of a century after the Second World War, is a thing of the past and has given way to an instability marked by uncertainty and fear of the future. However, and this is absurd at first sight, in the current situation there is one variable that has shown unprecedented stability in recent years, and that is the financial markets. While there has been increasing unrest in the social sphere, disintegration in the political sphere and stagnation and, if at all, only faltering growth in the economic sphere, the financial markets have known only one direction for 11 years: upwards. No matter what happened, no matter what upheavals the world had to endure, the financial markets have not been shaken by anything.

And this despite the fact that in 2007/2008 we experienced the biggest financial crisis of all time. How can this be explained? Have the financial markets nothing more to do with the rest of the world? Are they the only healthy thing in a world that can only be described as sick today? Not at all! The financial markets are anything but healthy. And the fact that we have just experienced the longest upward trend in their history is not a positive sign, but the exact opposite. In fact, this upward trend can be compared to a fever curve of a patient who is seriously ill and who can only be kept alive by ever higher doses of medication. What we have experienced in the financial markets over the last 11 years, is the most extensive and unrestrained manipulation that has taken place in the entire history of mankind, with the result that we now live in a world of superlatives. We are now dealing with the largest money supply of all time. We are dealing with the biggest bubbles in the stock, bond and real estate markets. We are dealing with the highest debt ever, both government debt and corporate debt and household debt.

And we are dealing with the highest concentrations of wealth ever. Never before have so few people owned so much as in our time.

In the USA, for example, 3 men, Jeff Bezos (the founder and boss of Amazon), Bill Gates (the founder and boss of Microsoft) and Warren Buffett (the boss of Berkshire Hathaway and the largest investor in the country) own as much as half of the population, i.e. 160 million citizens of the wealthiest country on earth.

And this brings us to the worst phenomenon of our time: the explosion of social inequality. Never before has the difference between those who have to live from their work and those who can live from their wealth been as great as in our time. And never before has it been so difficult for people who start life at the bottom of the social ladder to break out of this situation and make social advancement. How can this be? How can it be that in an age in which science and technology offer mankind ever new gigantic possibilities for improving the standard of living, this standard of living is deteriorating for the vast majority?

What happened in 2007/2008, which is often compared to the crash of 1929, the Black Thursday on the New York Stock Exchange, that led to the Great Depression? And it is precisely this comparison that leads us to the decisive point. For there is a fundamental difference between these two crises.

Back in 1929, the system got back on its feet on its own. It was indeed the Great Depression. There was mass unemployment, homelessness and endless human suffering, but the system recovered from a very difficult period.

In autumn 2008, things looked different. In contrast to 1929, the system was clinically dead in 2008 and had to be reanimated, and that was no easy task. At that time, governments had to step in and rescue private institutes with public money. But this was only possible by means of the greatest redistribution of wealth ever, namely a redistribution from the bottom to the top.

But that was not all. After this reanimation, the system had to be kept alive. And this task was then taken over by the central banks. They administered two drugs to the patients, i.e. the financial industry: on the one hand, they created huge amounts of money and, on the other, they demanded ever lower interest rates for the allocation of the sums.

The citizens were told at the time that this was necessary to revive the economy. Today we know: It was a lie. For the most part, the money has not flowed into the real economy, but has once again been channelled into financial speculation and has further inflated the financial markets. The ordinary citizen has seen virtually nothing of these trillion sums. However, as the bubbles that emerged threatened to burst after some time, the central banks went one step further. They intervened directly in the markets to stabilise them.

They bought up worthless papers to keep banks afloat. They took over bad loans to save companies from insolvency. They bought government bonds to keep whole states from going under. They bought corporate bonds and stabilised companies, although they were no longer creditworthy and should have declared bankruptcy long ago.

They bought shares to prevent the prices and losses of major investors from falling and they even bought securitizations, the very securities that acted as fire accelerators in the crisis of 2007/2008. Who has benefited from this stabilisation of the system? Exactly those who caused the crisis.

For eleven years they have been the winners who have benefited from the rescue. And not only that. They also secured this status for themselves 11 years ago. They have allowed themselves to be declared systemically necessary and indispensable by politicians, i.e. "too big to fail", and have thus placed themselves above law and order and declared themselves untouchable. This has never happened before either, and the operators of the world's largest financial institutions have been able to afford practically any kind of risky speculation for more than ten years, in the certain knowledge that they will not be abandoned but will be rescued in an emergency.

So today we are dealing with conditions in the financial system like in absolutism, actually even worse. In absolutism, emperors and kings had their geographically limited empires. The financial industry, on the other hand, now rules the world to the far corners. And that is why we have to ask ourselves three questions in our time:

1. how did we get into this situation? 2. What awaits us in the period ahead? ... and 3. the all-

important question: Are we powerless to do anything about it or can we do anything about it?

Let us start with the first question: How did we get into this situation? In order to answer this question correctly, it is important to know that although we in Europe have a banking system that is more than 500 years old, our current financial system is only three quarters of a century old and has its roots in the USA. The United States, which emerged from the Second World War as the world's first superpower, used its superiority at the time to impose a financial system on the whole world in the mid-1940s that was of benefit to one nation and one currency above all: the US and the US dollar.

In the first three decades after the World War, this system ensured that the world was flooded with American goods and US dollars. This so-called post-war boom was a kind of goldmine, especially for the banking industry, as the huge demand for credit brought equally huge profits.

When this boom came to an end in the mid-1970s, the time of easy money-making for the banks was also over. But now it became clear how strong they had become in the decades before. They were pushing politics to open up new ways of making money for them and demanded that legal obstacles be removed.

And indeed: politics gave way, not only in the USA, but worldwide. From the mid-1970s onwards, the global process of deregulation, which I mentioned earlier, began, and was characterised by the fact that politicians were removing more and more legal restrictions from the financial industry. In the whole of the 20th century, there has never been a process set in motion by politics and economy that has changed life so fundamentally and so sustainably, and still shapes it today, as this deregulation. The absurd thing about it is that this process, although it has determines all our lives for years, has hardly been noticed by the majority of people. This is because the majority either believe that the financial sector is none of their business or that they are not able to understand it anyway and therefore think that it should be left to the professionals.

But this is a fatal misjudgement, which of course is encouraged by the financial industry and politics, but which prevents people from recognising the real cause of social and political misery and reacting to it by finally taking their fate into their own hands and changing something. But there is also an apologetic explanation for the behaviour of the majority.

On the one hand, we are all today exposed to such a flood of information that it is becoming increasingly difficult for us to orient ourselves. And on the other hand, it must be said that in our times most people simply lack the time to deal intensively with these not so simple things.

And because this is so, I would like to briefly outline the process of deregulation and the most important effects it has had.

So: From 1948-73, the world experienced the post-war boom I mentioned earlier, with the global economy growing uninterruptedly for about a quarter of a century. The biggest beneficiaries of this development were, as I said, the banks, which fuelled this growth mainly by granting loans and thus became more powerful from year to year.

When the economy cooled in the 1970s, the banks' business also declined. This did not suit them, of course, and so they used their position of power and urged politicians to give them

more leeway to make money.

And for this purpose they demanded that the rules to which they were subject to be relaxed, in other words deregulated. The American and British banks, i.e. Wall Street and the City of London, were particularly active in the 1970s and 1980s. And, as we heard earlier, they got help from two politicians, Ronald Reagan and Margaret Thatcher. The two of them removed more and more legal obstacles from the banks, until Margaret Thatcher set the climax in October 1986 with the so-called Big Bang, by having the separation banking system, i.e. the separation of normal commercial banks and investment banks, abolished in the City of London.

This separation had once been introduced to protect bank customers. It forbade ordinary commercial banks to speculate with their customers' deposits. This security, which is very important for the majority of the working population, has been a thing of the past since the Big Bang in Great Britain and, since 1999, in the USA.

Since Margaret Thatcher also decreed that foreign banks should henceforth be subject to the same regulations as British banks, the City of London experienced a huge influx in the late 1980s and quickly developed into the most important global financial centre alongside New York.

This in turn put enormous pressure on the financial sector in other countries, so that most of them followed suit.

The consequence of this development was what is now called the financialization of the global economy. In other words, the financial sector grew faster than any other sector of the economy and assumed dimensions that the world had never seen before. Two of the most important consequences of this financialisation were the growth of hedge funds and the boom in derivatives.

Anyone who wants to understand even a little of the state of the world today needs to know what these two phenomena are.

So, first of all, on hedge funds. Funds in general are companies that collect money from investors in order to invest it for them and thus grow. Hedge funds do just that, but they differ from other funds in several ways. The first difference concerns their clientele.

Anyone who wants to invest in a hedge fund as a private person must prove that they have extremely high assets. Most people who invest their money in hedge funds belong to the so-called ultra-high-net-worth individuals, i.e. the ultra-rich of this world.

The second difference concerns strategy. In most cases, funds concentrate on specific investment areas, such as stocks, bonds or real estate. Hedge funds, on the other hand, have no clearly defined investment area. Their managers constantly scour the financial markets for opportunities to achieve their main objective, which is to make the highest possible profits in the shortest possible time.

Betting is a frequent focus of hedge fund strategy. Betting on price or price fluctuations, not only on upward swings but also on downward swings.

Short sales in particular serve this purpose. Let me explain briefly. In the case of short selling of shares, for example, the investor bets on falling prices. He does not buy the shares in

order to sell them later at a higher price at a profit, but he borrows them, sells them immediately, then waits until the price has fallen, then buys them back and returns them to the owner.

In this way, it is even possible to make a profit from a fall in the price of a share. Another tool often used by hedge funds is leverage. This sounds complicated, but it is basically quite simple.

A hedge fund makes a bet and then borrows money to increase its own bet, often 30 to 40 times. In other words, leverage means nothing more than speculating on credit.

And this brings us to the third major difference between hedge funds and the rest of the funds, namely risk appetite.

By leveraging their stakes, hedge funds take high risks, which means that they can not only make high profits, but also suffer very high losses in the event of bad speculation.

And just how dangerous this can be has already been demonstrated twice. In 1998, an American hedge fund called "Long-Term Capital Management" speculated in the currency area and thereby brought almost the entire global financial system to collapse. In 2008, hedge funds and their bets played a decisive role in the fact that the system could only be saved by the intervention of governments and central banks.

The fourth difference concerns the aggressiveness of hedge funds. Because of their market power and short-term profit-oriented strategy, they like to resort to the means of hostile takeover. They swallow up companies against the will of their owners and employees, but do not continue to run them in the long term, instead gutting them, selling the most profitable parts at a profit and leaving behind a shambles.

The fifth and sixth difference between hedge funds and normal funds is, on the one hand, tax avoidance and, on the other, a lack of transparency. Hedge funds are mostly seated in the world's offshore financial centres, in tax havens where they do not have to pay a cent in taxes and where they are also treated with the utmost discretion, which in turn means that their financial circumstances are often extremely intransparent.

The question that arises: Have hedge funds now become a competitor to the big banks? NO! Much worse! Since hedge funds are allowed to operate like banks, but are not subject to their restrictions, many big banks have either set up their own hedge funds or have all the business they are forbidden to do done through hedge funds.

On the other hand, various hedge funds have become so large that they own the majority of banks. In other words, a kind of symbiosis has developed between the big banks and hedge funds, which has driven the concentration of power in the financial sector in a way never before seen, to the disadvantage of us all. While classical speculators have, after all, still tried to share in the success of companies, hedge funds are completely indifferent to their well-being.

On the contrary, if it benefits them, they even deliberately cause their demise.

In other words, hedge funds, the largest and most powerful financial organisations in the world today alongside a few major banks, do not perform any useful function either economically or socially, but serve solely to enrich speculators.

And this enrichment is taking place in our time mainly in a sector of which the ordinary citizen hardly notices anything, namely in the field of derivatives.

The derivatives sector is now by far the largest area of finance and has already twice caused the global financial system to almost collapse. And yet it is still largely unregulated today and serves professional gamblers in the financial casino as the most important enrichment

platform.

So the question: What are derivatives? The word derivative comes from the Latin verb derivare = to derive. Derivatives are financial products whose price is derived from the price of another product. This other product can be anything, e.g. a commodity, a share price or even an interest rate. With derivatives, you bet that the underlying asset will either rise or fall, which means that a derivative is basically nothing more than a bet.

And in order to understand how these derivatives have become so important that they are now a major part of global finance, I would like to do a little mental experiment with you. You have to think of the global economy as a big market, as a big market where farmers offer their goods, where middlemen buy these goods and then resell them to retailers.

Next to this big market there is a bank that does the classic banking business, that is, it gives loans, to the farmers and the various traders.

The business of this bank runs well until one day the farmers have enough fields, the middlemen have enough cars and the retailers have paid off their shops.

Now the bank's lending is coming to a standstill. The farmers need new agricultural machinery from time to time, the middlemen need new cars from time to time, and the retailers convert their shops from time to time, but the bank can no longer do the big business with them.

In this situation the banker now comes up with an idea. He opens his own stand at the big market and offers bets there. First he lets people bet on whether more apples or more potatoes will be sold in one day.

When the betting business starts to gain momentum, he lets them bet on which apple variety will sell best, and after a while his business develops so well that he always places new bets. Are red or green apples selling better, domestic or foreign, those with large or small cores?

And indeed: The banker's plan is working. More and more farmers and traders, but also more and more customers of the market take part in his betting business. The reason: betting is easy, requires no work, only the betting stake.

And in addition, bets can be used to make high profits quickly. But the whole thing is not without consequences. Over time, more and more farmers and traders neglect their own activities. The quality of the goods on the big market increasingly leaves something to be desired. And finally, some farms, fleets of vehicles and retail shops begin to decay.

In addition, the resulting betting addiction has another consequence: Various farmers and traders gamble away and go bankrupt. A few, on the other hand, who concentrate on betting, make huge profits and leave their professions to become professional gamblers.

But the biggest winner, and that's what's decisive, is the bank, which has earned by every single bet from the very beginning and which, due to its information advantage, ultimately controls everyone involved and can manipulate the game to its own advantage without limits.

And that is precisely the situation in which we find ourselves today worldwide. The proliferation of derivatives has caused the real economy to wither away and the betting casino to spin like never before. With the result that a tiny number of people, namely bankers and professional gamblers, are getting richer and richer and are dominating the place, while the large masses have to watch helplessly as their standard of living gradually declines further and further. Anyone who now thinks that all this is very reprehensible has not yet

heard of the worst of all derivatives: namely the credit default swap, which the major American investor Warren Buffett described as a financial weapon of mass destruction as long ago as the 1990s and which reveals all the shamelessness and unscrupulousness of the financial world today.

This credit default swap was invented in the 1990s by a team of J. P. Morgan bankers and has already twice made a decisive contribution to the near collapse of the global financial system.

To understand how credit default swaps work, let's do a brief thought experiment again.

Imagine the following: You have some money in the bank and want to give a certain amount of it to a company as a loan. To do this, you conclude a contract with the company in which all the details are regulated.

In order to make sure that you get your money back at the end of the term, including interest, you go to a bank and have the loan insured.

This means that you pay the bank a certain amount and the bank guarantees in return that you will get the money even if the company goes bankrupt during the term of the loan.

These are all clear agreements that do not harm anyone, but benefit all parties and let you sleep peacefully. But now the bankers of J.P. Morgan come into play. After all, their credit default insurance can be taken out not only by the lender, but by any person or institution that was not involved in the lending process. And not just at one bank, but at any number of banks.

What does that mean? It means that professionals in the financial sector, who have more information than other market participants, immediately start looking for companies that they believe may not be able to repay their loans and take out several credit default insurance policies on them.

That alone has huge consequences. It means that, in the event of the actual collapse of an affected company, the damage multiplies, because the credit default swaps must be paid out not only to the lender but to all those who have taken out credit default swaps.

But there is more to it than that. Instead of waiting or hoping for the insolvency of a company, large investors can even assist its collapse because of their market power.

They can accelerate the demise of a company or, in extreme cases, even bring it about themselves.

So if you have a lot of money at your disposal, you can proceed as follows: You look for a company that is not on a firm footing, take out masses of credit default insurances, then buy it up, exploit it and drive it to ruin.

The result: the company is bankrupt, jobs are irretrievably lost, but the person responsible for the misery pockets a fortune.

As an outsider, you would hardly believe it, but this is common practice in the financial system. There are two quite famous examples: The American Secretary of Commerce Wilbur Ross, now under Trump Secretary of Commerce, has made billions in this way, and Barack Obama's opponent in the last election, Mitt Romney, is also one of those profiteers. And this dilemma also happened in 1998 in the case of the hedge fund Long-Term Capital Management. When it ran into difficulties, so many credit default swaps were taken out on it that their payout would have shaken the entire financial system.

In order to keep it alive, many Wall Street banks involved intervened and saved the hedge fund.

So these banks would have had to pay about a trillion in credit default swaps at that time and instead bought up this hedge fund for 4 billion, so these claims expired.

Then in 2008 the game repeated itself with the American insurance giant AIG. In this case, however, the sums required were so high that the banks were overstretched and the government and the central bank had to step in to plug the hole.

Both cases show: Credit default swaps are not only economically damaging and destructive because they allow individual market participants to enrich themselves to the detriment of others, they are also highly dangerous because they have the potential to bring the entire system down.

And yet nothing has been done about these credit default swaps to date; on the contrary, their scope has actually increased, and there are even hedge funds that specialize in their use. So much for what deregulation has achieved. It has transformed the global financial system not only into a casino, but into a shark tank where pure financial Darwinism prevails.

Anyone who has money and therefore power can quite legally damage other companies, exploit them, destroy them and thereby enrich themselves unscrupulously.

And even more so, those who have money and power need to pay almost no tax on all the profits they make, because at the same time enough legal loopholes have been created to allow the world's greats access to the world's offshore oases. Just one example of how far this completely legal tax avoidance goes: last year, the global corporation Amazon not only managed to stop paying taxes, but even managed to have several hundred million dollars paid back by the American state. In other words, Amazon has introduced the principle of negative taxes.

And if at this point you can't think of anything else but the word "antisocial", I can only agree. There are parasites at work here, whose voracity knows no bounds and to whom human values, whether shame, decency or compassion, are alien.

And let us look at the other side of deregulation. What has deregulation brought to working people? Just the opposite! The ever-increasing damage to the system has deprived and continues to deprive the states, or rather the national budgets, of considerable sums of money, and the bailouts of the system have, as we have already heard, swallowed up vast amounts of tax revenue.

However, these enormous sums have not been imposed by governments and legislators on those who have caused the damage, i.e. the speculators, but on the victims of speculation, namely the working people, in the form of austerity policy.

The austerity or austerity policy of recent years means nothing other than that the entire financial burden of the crisis has been placed on those who have not contributed anything, or indeed anything at all, to cause it but, on the contrary, have borne its greatest burden. And this is not over! It is precisely this policy that is currently being pushed forward and exacerbated by additional measures, which make us expect far worse in the future.

In other words, we must expect further drastic and even more violent attacks on the standard of living of us all in the period ahead. In order to show what these attacks will look like, I would like to pick out three points: 1. the abolition of cash, which awaits us 2. the general

attack on the middle class by means of the new platform economy and 3. the continued march towards a negative interest rate policy.

I will start with the negative interest rates which have been implemented here in Switzerland for a while now and will surely follow us in the future and will take on ever grosser forms.

With these negative interest rates, we are living - in terms of money - in an absolutely unique time. Negative interest is a phenomenon that has never been seen before in the entire 5,000-year history of money, and it is also a phenomenon that turns the functioning of the existing monetary system completely upside down.

You only have to think about the principle of negative interest consequently to know what it means. For the person who lends money, it means that in the end he gets back less than he has given. But who in our society, in our money society, would voluntarily get involved in such a business, a business in which he knows from the outset that he will lose? There is someone: the central banks! For those who borrow money, negative interest rates have a completely different effect. For him, they mean that in the end he has to return less money than he initially received.

But that means nothing other than that under such a regime one could theoretically generate a completely workfree income by incurring debts here, there and there.

And there is somebody who can do that and who does: the ultra-rich! But if an ordinary citizen now goes to a bank and asks for a loan there, then this negative interest will certainly not be granted to him, no matter how politely he asks for it.

Negative interest rates are only encountered by the average citizen when he looks at his account. Then he will see that negative interest takes away part of the money he has given to the bank in good faith. The principle that applies to all innovations introduced by deregulation also applies here: While the big guys benefit, the ordinary citizen feels the effect at most to his disadvantage.

But the question is whether this can work in the long run. After all, negative interest rates are gradually undermining the banking system that has grown over five thousand years. The answer to this question is, and it is clear and unequivocal: no! It cannot do that.

But then why was negative interest introduced at all? After all, when we have managed without them throughout the history of money, and when we know that they will eventually destroy the system? For a relatively simple but very sobering reason: out of sheer desperation, because there is no other way to keep this system artificially alive. Negative interest rates are no more and no less than the oath of disclosure of a financial system that is no longer viable under normal, i.e. conventional, function. But the fact that everything possible is being done to keep it alive under all circumstances and by all means is demonstrated by the next measure following the negative interest rate. The progressive abolition of cash, which has also been with us all for some time.

This cash abolition is being pursued for two main reasons: To cut off people's escape route from the negative interest rates and to be able to monitor and control them better in future storms.

Because it is very important to get this cash abolition right, here are a few background facts.

Money exists worldwide in two different forms. One is cash, in the form of coins and notes.

And on the other hand as book or fiat money, which means today almost exclusively in electronic form. Both forms of money coexist equally. In other words, whether I pay something in cash or whether I pay cashless, i.e. by bank transfer, credit card or mobile phone, the amount I have to pay is always the same.

And yet there is a fundamental difference between the two procedures. Only two parties are involved in a cash payment, the buyer and the seller, no one else.

It's different with cashless payment. In addition to the buyer and seller, a third party is always involved, namely a financial service provider. That means a bank or a credit card company or an Internet payment service.

Not only does this third party know about all payment transactions, it can also pass on this information. For example, to interested companies or also to government institutions. For all of us, this means that every single payment transaction in which we are involved is registered. We can be completely screened, controlled and monitored.

And since the central banks will certainly be forced to cut interest rates even further in the next crisis, the following awaits us: If we entrust our money to a financial institution, even small amounts of it will no longer be subject to interest, but will be deducted. And the only option left as an equivalent would be to have the money paid out in cash. But exactly this way out is cut off by the abolition of cash. And that means that we would no longer have a chance to defend ourselves against a partial expropriation ordered by the central banks through negative interest rates.

Anyone who now thinks that this is an all too gloomy vision of the future, and that cash has not yet been eliminated, should take a look at the proposal that the most powerful financial organization in the world, the International Monetary Fund IMF, put forward in 2018, i.e. last year.

The IMF's plan is to divide the entire available money supply into two parallel currencies. Cash on the one hand, electronic money on the other, and penal interest on the cash. In other words, if you were to make a purchase, you would have to put more on the table for cash than for non-cash payments. Such a state-ordered devaluation of cash would almost certainly meet fierce social resistance.

But both the state and the financial elite have shown more than once in the past that when it comes to preserving the existing financial system, they are prepared to resort to ever more extreme means.

In any case, such a levying of penalty interest would be the most effective way to bring about the end of cash. Quickly, efficiently and across all national borders.

Well, I hope you are not yet completely submerged in depression, because there is one point I still have, and that is the frontal attack on the middle classes. It is not only an attack which is imminent, but one which has already been launched and which has already cost the existence of some of the small and medium-sized enterprises. It is about the platform economy. The platform economy includes all those companies that use the Internet as a digital platform. Partly for technical innovations, mostly in the IT sector, but mainly for brokers and intermediary services. The first group includes companies like Microsoft and Apple, the second group includes companies like UBA, Airbnb, Booking.com or Amazon. Let's take a look at Amazon.

The company was founded in 1994 by the computer scientist Jeff Bezos, who was one of the

first to recognize the possibilities that the Internet offers as a trading platform. Amazon began as an online bookstore, exploded in a very short time and is now the world's leading online mail order company.

But Amazon has not only made Jeff Bezos the richest man in the world, it has also established a new business culture that is rapidly spreading. And has largely shaped the platform economy today.

The overwhelming success has attracted a large number of major investors who have huge sums of money and only think in extremes. In terms of profits, but also in terms of the methods by which these profits are to be generated.

Since the Internet operates worldwide, companies in the platform economy are quickly spreading beyond national borders. Their market is not, as with traditional companies, first regional, then national and finally international, but encompasses the whole world from the very beginning.

Because this goal, the conquest of the global market, promises the highest profits, platform companies are often pushed by their major investors into a merciless fight for market leadership.

They often accept high losses for years, only to either bankrupt their competitors, take them over or impose their own conditions on them. Their victims are not only other platform groups, but also medium-sized companies.

For example, in the craft trades, the catering trade, the hotel business or the transport industry. They are all being pushed by price dumping to join the platform company and submit to its dictates. If they do not, they are threatened with heavy losses and often end up in bankruptcy. As a warning example should serve all medium-sized companies, booking.com or FlixBus. Booking.com can be found on the Internet under the name booking.com, but also under the names Expedia and Trivago, and it mainly arranges hotel accommodation. Booking.com pays one billion to Google every year to ensure that Booking.com ads appear on the Internet, preferably before the competition, when you call up the name of a hotel.

In this way, booking.com has managed to capture a huge part of the global hotel business as an intermediary. But this has fatal consequences for medium-sized and small hotel businesses. Booking.com dictates them, in the case of a mediation, their own conditions on, among other things, that bookings can be cancelled until shortly before the agreed date. Big hotel companies don't mind this, but small inns cannot live with it in the long run.

But the problem is: small and medium sized hotels cannot escape Booking.com. Even if they place a website on the internet, it will appear somewhere below far away and the majority of customers will find the offer further up on Booking.com and book the hotel room via the platform, because it offers advantages for the customers. And something similar to Booking.com is happening in the gastronomy sector where platforms like (...) are behaving like (...) and Foodora is currently showing incredible growth. More and more people, especially in the urban areas, order their food through these platforms, which pass their orders on to small family-run restaurants, but for a commission. These small family businesses, however, compete with chains and these chains in turn belong to the investors behind the platforms, who are of course also served by them. This means that here, for example, there is competition between the small restaurants and the small providers of kiosks, a competition with chains, which in reality is no competition, because the many family businesses have no chance against the chains in the long run.

Another and last warning example is Flixbus or formerly Flixbus. The company, which was only founded six years ago and which does not own a single bus itself, now controls more than 80% of the German bus business and about 60% of the European bus business. This has been achieved by very financially strong partners, who have allowed it to enter the business at outrageous dumping prices, thus bringing more and more bus companies to their knees and forcing them to become members of Flixbus. For these companies, membership means that they have to make a payment to Flixbus for every ticket sold. And as far as entrepreneurial freedom is concerned, hang on the drip of the platform company. However, it is not only small and medium-sized companies that are victims of this development in the area of the platform economy, but also those who put their manpower at the service of platform companies. As these platform companies are officially only intermediaries and not employers, they are not obliged to provide employment or insurance cover. In most cases, the result is a bogus self-employment without any social security, and this is usually with very low incomes. However, the entire society is also a victim, as platform companies often achieve very high turnovers but usually pay hardly any taxes, as they operate internationally and almost always move their headquarters to offshore tax havens.

Well, the huge amounts of money pumped into the system by the central banks since the global financial crisis of 2007 and 2008 and lent to major investors at ever lower interest rates have given this platform economy an additional boost.

And since the global economy has been slow to get back on track and the manufacturing industry has not been able to make too large profits, a considerable amount of the newly created money has been channelled into so-called start-up companies for speculation. There it met creative young computer scientists, who were helped to realize their ideas, but who, as soon as they were successful, were either bought up, compensated or only employed as partners to make room for tough market professionals.

I am sure that many of these young founders had no idea what consequences their ideas, which they confidently considered progressive, would one day have. That they would help to strip parts of the middle class of their land, produce masses of low wages, destroy social achievements of the past, and - the worst development of our time, the explosion of social inequality.

Well, now that I have put them through so much hard work, we come to the all-important third question. Are we powerless in the face of this or can we do anything about it?

Although it may seem strange at this point after all this information, some of it devastating, I myself am convinced that we can actually do something about it.

Not individually, of course, because individually we don't stand a chance against such concentrated superiority. And even as a group it will be difficult to oppose the superiority. But there is something that plays in our favour, that possibly gives us a very special and indeed historical opportunity.

And this is the time we live in. Since the existing system can only be maintained by measures that worsen the standard of living of the people, the majority in the time ahead of us will come into ever sharper conflict, both with the minority that wants to maintain this

system and with their own misconceptions.

And it is precisely this conflict that will increase the willingness to deal with the system and the questions it raises.

So if it were possible to make the majority of people understand the current money and financial system, at least in its basic features, then it might also be possible to create a new, different system via a fundamental social change, which does not serve the one percent but the majority of people, and which manages to turn money into a product that does not dominate people, but is dominated by the majority of people.

Therefore, one of the most important tasks for our time, in my view, is to take advantage of this coming conflict and educate as many people as possible about the nature and functioning of the current monetary system.

To open the door for another system, one that does not serve a minority, but the majority, and one that is not based on greed, the striving for power and the overexploitation of the earth's resources, but on a peaceful, sensible and socially acceptable use of these resources - for the benefit of us all. (If my lecture, thank you! Thank you very much!) So, if my lecture has contributed a small part, then the lecture has fulfilled its purpose. Thank you! Thank you!

Closing words Ivo Sasek: Ernst Wolff, wonderful! Wonderful, wow! Great! So I don't think it was a small contribution, it was a fundamentally important contribution. Never understood the words. A bet, period, right? Yeah, amazing, isn't it? Deregulation, I haven't even heard of it. Free as a bird before the law for the con artists. Did I get it right? Well, we've heard things that are so blatant, you can only say again: Justice, now go for the bags (meint Ivo das hier wie „scumbags“??), pay your price, bite the bullet, you chose this profession for it. Not our business now, but we'll clear it up. That was a wonderful vision, thank you, thank you, Ernst Wolff for this way out too, we will do that! That's what we'll do! Thank you, thank you! Okay!

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