

"Capitalism" Is No Longer Attractive To Capitalists

By Charles Hugh Smith, vai OfTwoMinds blog, Zerohedge, 31 October 2020

This "capitalism" is only attractive to parasites, predators, kleptocrats, legalized looters, embezzlers, fraudsters and all those insiders whose palms get greased along the way.

Back of the envelope definition of classical capitalism:

- 1. Transparency in markets, including pricing, information on quality and reliability of products, sellers and buyers, and of rules of conduct and rights governing all participants;*
- 2. Risk is tightly bound to reward, i.e. everyone has skin in the game, those who lose are forced to absorb the entire loss.*
- 3. Open competition, i.e. no monopolies or cartels limiting supply or setting prices;*
- 4. Free flow of capital and labor;*
- 5. Everyone pays the same rates of taxes, duties and fees on every transaction.*

Needless to say, what is presented as "capitalism" in America today is not actually capitalism; it is monopoly-state-socialism for the wealthy, a kleptocracy incompetently cloaked by a *rigged simulacrum market* in which risk and losses are transferred to the *debt-serfs* and *tax donkeys* and the "socialism for the rich and powerful" is enforced by a *pay-to-play simulacrum democracy* and kleptocratic, totalitarian central bank, the Federal Reserve.

In this winner take most, anything goes if you're rich casino, the weaker players are ruthlessly stripmined and exploited and those enterprises without political protection are cannibalized by rapacious, predatory monopolies and cartels.

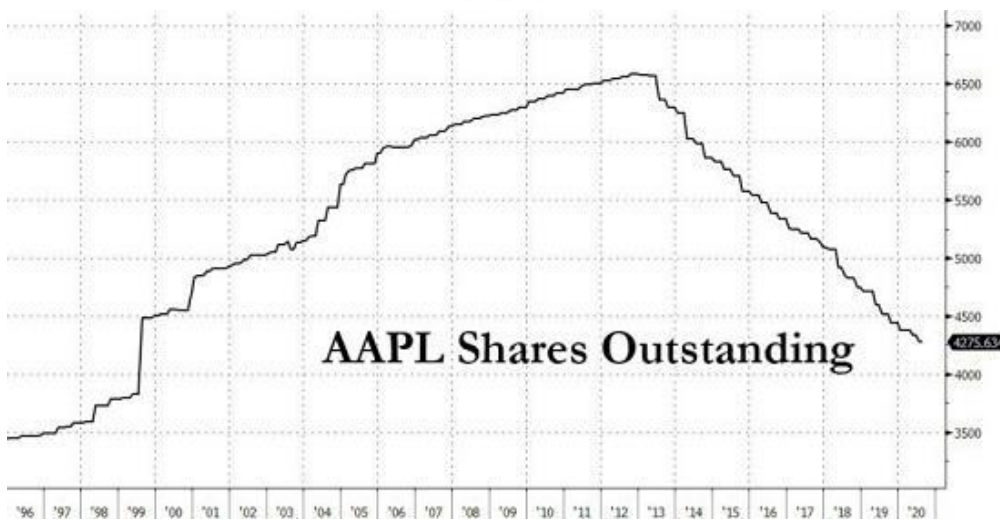
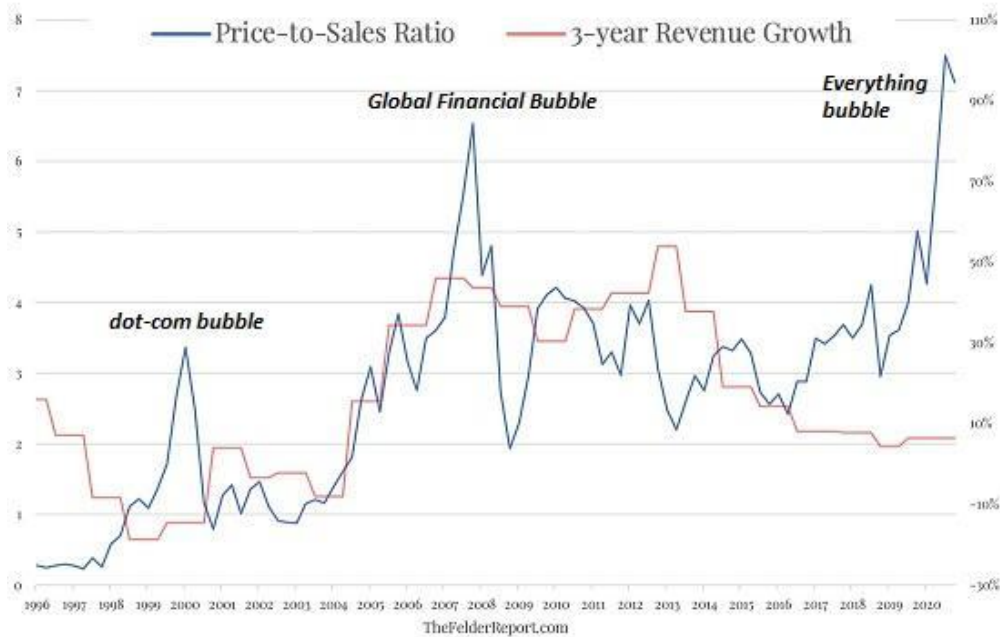
Parasitic elites take a skim from every table: student loans over here, state junk fees over there; everyone gets clipped by self-serving insiders and entrenched interests.

Transparency is an illusion. *Complexity thickets* protect monopolies and cartels, and the fine print... try getting a set price for healthcare services. (You must be joking.) Sign the form for the \$30 oil change and come back to an \$800 bill for "work you authorized." (You didn't read the fine print? Too bad.)

Quality has gone downhill across the board but there's no recourse or competition. All the items regardless of brand come from the same factory in China. So what if your new oven turns on by itself randomly (true story, happened to me); the once-proud American brand's warranty is only one year, so tough luck, bucko, the repair bill for the defective \$5 sensor will cost you as much as a new range.

In American "capitalism," the name of the game is scale up with cheap debt supplied by the Federal Reserve, use the "Fed free money" to buy up any potential competitors and then start buying back your own shares, jacking your share price even as sales and profits stagnate. (Charts of Apple below).

Apple (AAPL)



Once you're too big to fail or jail, then you can gamble to your heart's content because all the winnings will be yours to keep and if you lose big, the Fed or the Treasury will step in and transfer the losses to the debt-serfs and tax donkeys.

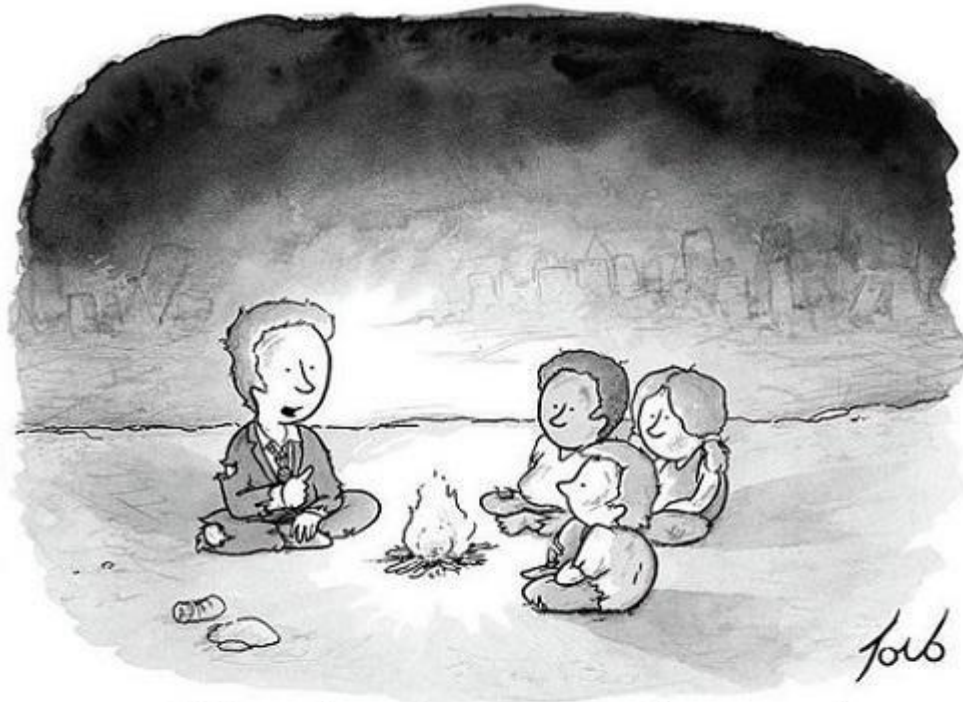
In America, as Warren Buffett jacks up the price of Sees candy, etc. to maximize his profits and add more billions to his net worth, and Amazon uses its quasi-monopoly power to relentlessly jack up the price of Prime membership, **nobody asks Warren or Jeff "don't you have enough already?"**

The answer is "no". It's never enough, because as long as the Fed and federal government enforce, enable or allow your monopoly, quasi-monopoly or cartel to kill transparency and competition, and offer you limitless "Fed free money" while students pay 8% on their loans, then why not add another \$10 billion to your personal wealth?

Go ahead and lie, cheat, embezzle, rig markets, commit fraud, collude--everything is allowed if you're a powerful corporation because all your execs have *get out of jail free cards* from the Department of Justice. Nobody in Corporate America ever goes to prison no matter how egregious the fraud or theft. And you get to keep all the loot, other than a wrist-slap fine if you're caught. But that's just a modest *cost of doing business* in American "capitalism."

If this "capitalism" was actually attractive to capitalists, why would everyone pile into the same six Big Tech monopolies? Is that really the only opportunity left to "create shareholder value," to pour hundreds of billions of dollars in "Fed free money" into a handful of Big Tech monopolies?

Paraphrasing the late Immanuel Wallerstein, "Capitalism" is no longer attractive to capitalists. This "capitalism" is only attractive to parasites, predators, kleptocrats, *legalized looters*, embezzlers, fraudsters and all those insiders whose palms get greased along the way.



*"Yes, the planet got destroyed.
But for a beautiful moment in time we
created a lot of value for shareholders."*

If you think this "capitalism" is sustainable, the future holds a big surprise.