

Rigging the Stock Market Long Term Consequences

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Most Americans are unaware the financial markets are rigged. That doesn't mean prices will never fall. It does mean that the nature of the coming decline will be different than what has occurred in prior bear markets. That is because elevating asset prices especially stocks as a national goal has priority over national defense, law enforcement and all other activities government is involved in.

Political power can do amazing things. When all of the country's resources are focused on enriching those who are already rich, the country's future is destroyed. A corporation can invest in plant and equipment and innovate. In a free market doing that is how profits are made but there is a faster way.

With enough political power government can be used as a means of driving up stock prices. That is the fastest possible way to make the most money. If making profits is that easy, who needs to invest in capital and innovate? The incentive to do so is lost.

Welfare for the rich has the same effect on productivity of the rich as regular welfare has on the productivity of the poor. Welfare for the rich is more damaging to the economy because investing and innovating are what creates profits. Give the rich a free ride and the whole country suffers. Do it long enough and the entire economy will be destroyed.

How long have we been artificially elevating asset prices? Someone needs to count the years but it has easily been long enough to destroy the economy and perhaps the political system also.