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## Democracy and mafias



**Sources:** The Rocket to the Moon

*The framework that subverts values, laws and the legitimacy of institutions.*

Since time immemorial, the exercise of coercion and search of consensus have been mechanisms inherent in the dynamics of the Power relations that have structured social life into various regions and cultures of the world. Its essential characteristics are They maintain to the present: they are asymmetrical relationships that flourish in the production, appropriation and distribution of different types of goods in the different areas of social life. These relationships are They embody in organizations, institutions and stories that seek to express specific interests, resolve the conflicts generated and reproduce to the social whole.

The struggle for greater control and participation in the taking of decisions have been an inescapable aspect of power asynchronies, present both in the tribal societies of hunting

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peoples and fishermen as in agrarian societies and large city-states, that happened in different cultures and over time. In the Ancient Greece, this problem was codified through a debate philosophical about the different possible forms of government and the role of democracy in enabling the participation of the "people" in political decisions.

Many centuries later, the development of the mode of production Capitalism and its impact on social structures and institutions existing in Europe would give impetus to the philosophical and political debate on human nature, its authoritarian tendencies, the forms of government and the need to articulate a "social contract" that limits the authoritarianism. This resulted in the imposition of limits on the powers of the State through the functioning of republican institutions and democratic and popular vote.

Representative democracies were preceded by centuries of conflicts, social tumults, wars and the fall of empires, circumstances that called into question the forms of government existing and their capacity for social representation. Some time later, the economic cycles of capitalism and the different stages and phases of capitalism Capital accumulation was impacting political structures existing in the West and in the capacity of institutions democratic to represent the excluded. This is how we come to the Times in which global monopoly capitalism seeks maximize profits in all areas of social life and, By brutally concentrating power, it erodes the functioning of the democratic institutions, questioning both their legitimacy social as the essence of the values they embody.

This concentration of power has led to an intensification of conflicts, the increasing use of coercive mechanisms and development of corruption and clientelism. Thus, a network of organizations – more or less "invisible" and integrated – that They do not depend on the popular vote, it has become entrenched in the spheres administrative of the State and democratic institutions. Looking Perpetuate their businesses and their specific power, this mafia plot is It reproduces like cancer, emptying of content and subverting the values, laws and the legitimacy of democratic institutions. Their existence is nourished by the conflicts that germinate so much between the who have nothing and aspire to have more as among the elites who dispute among them a greater share of political and economic power. Paradoxically, its development also contributes to intensifying Conflicts and their growing impunity and visibility herald the times of a rupture in the dynamics of power relations, a break that It can lead to social change, chaos and disintegration of society.

These days, the incipient implosion of the financial system international and the war in Ukraine contribute to expose the existence of this corrupt and clientelistic network both in the center and in the periphery of the capitalist world. Hence the importance of analyzing

your existence and raison d'être to be able to build forms of organization and institutions that, empowering from the bottom up, enable articulate consensus in pursuit of national development projects that End social cannibalism and open the door to growth economic that really benefits the whole of society.

### **Financial crisis and captive regulators**

Corruption can take different forms. One of them is the Cooptation that large economic groups make of officials administrative, thus imposing their specific interests over those of the rest of society. The current bank run in the United States United States offers a window through which conflicts are filtered around the Application of regulations of great impact on the whole of the society.

The debacle of two banks, Silicon Valley Bank (SVB) and Signature Bank, and the impossibility of liquidating their holdings of Treasury Bills [1] to face the sudden demand for deposits by their customers shows the fragility of the US financial system. The US Federal Reserve's policy this year to combat inflation has led to a rapid rise in interest rates. This devalued the value of previously purchased Treasury bills that are part of the assets of many banks. These circumstances already affect [186 banks](#) and the measures taken last week by the Reserve [2] have not yielded the desired results. Last Wednesday, J. P. Morgan warned that \$1.1 trillion of deposits [3] from "vulnerable" banks have flown into a handful of large banks [4].



*A debacle that exposes the fragility of the US financial system.*

The danger of a bank run also affects small and medium-sized banks which, according to Goldman, account for 50% of total loans for industrial and commercial investments, 45% of loans allocated to consumption and 80% of all commercial and residential real estate

loans [5]. The failure of these banks directly threatens the real economy. Its assets are not easily exchanged for those that constitute the rescue plan proposed by the Reserve [6] and there are no funds available to guarantee its liquidity.

The FDIC (Federal Deposit Insurance Commission), agency in charge To insure deposits, it has a fund of 125,000 million (*billions*) of dollars to cover up to \$250,000 of deposits. Before the SVB debacle, last week ordered to insure all deposits of the bank, most of whom were uninsured. This Protection granted to the deposits of the "rich" broke the legislation It paid for the debate over the future of the \$18 trillion of deposits in the banking system, whether secured or not. Before a congressional committee, [Janet Yellen](#), Secretary of the Treasury, said that each case will be analyzed and the Final decision will depend on her and the highest authorities Monetary. This encouraged the outflow of deposits. After a series of back and forth on the guarantee of deposits, last Wednesday, the Fed announced a new rise in interest rates, taking it to the 5% and the Treasury [clarified](#) that the guarantee of all deposits is not under study that finances are doing well and that U.S. debt is sustainable although it already represents 109% of GDP. By Friday, the Bank run resulted in the largest flight of [deposits](#) since the crisis of 2008, Yellen urgently called a meeting "closed" of all regulators and a more serious crisis emerged from the darkness.

From its inception, the US bank run had an immediate impact on European finances, further complicating the situation of Credit Suisse (CS). This bank was absorbed "by force" by its rival: UBS, "helped" by an injection of liquidity of more than 200,000 million (*billions*) from the Swiss Central Bank in a procedure contrary to existing regulations [7]. However, this did not stop the bleeding of funds, which now happened to affect other European banks and especially Deutsche Bank. Behind this crisis emerge two problems central to the stability of the international financial system: debt with derivatives and "invisible" debt inserted in operations executed in the international currency market with *swaps and futures* contracts with currencies.

It is estimated that by the end of 2021 the [debt with derivatives](#) [8] amounted to 600 trillion dollars. These transactions are executed by "shadow banking", outside of all regulation and with the participation of unregulated and regulated financial entities. According to the reports of the regulatory authority [OCC](#) (Office of the Comptroller of the Currency), in the third quarter of 2022, 88.6% of the debt with derivatives held by 1,211 North American banks and financial institutions was concentrated in four large banks. Since the financial crisis of 2008, it has been known that all the big banks are closely

related through derivatives indebtedness and that much of their activity is hidden in the shadows of shadow banking.

On the other hand, the [BIS](#) (Bank for International Settlements) [9] has expressed concern about an "invisible dollar debt", inserted in swaps and futures contracts of the foreign exchange market (FX swaps, *forwards*, *currency swaps*). These contracts, whose collateral is currencies, generate future payment obligations that do not appear in the balance sheets or in official statistics. In April 2022, these daily exchanges amounted to \$5 *trillion*; By December, the "invisible" debt reached \$80 trillion. This amount exceeds, according to the BIS, the total *stock* of dollars, Treasury Bills and dollars in circulation. Most of this debt is very short-term and poses serious liquidity problems, which "have required *swap* lines (...) surrounded by fog and with little information about the geographical distribution of this invisible debt." This explains the US Federal Reserve's rush to provide liquidity to European *banks' swap* operations last week. However, it failed to appease tempers: the outflow of deposits from the CF continues, the price of financial shares falls and Deutsche Bank falters.

Bank run illuminates the existence of financial markets regulated and dominated by a handful of large banks protected by the Reservation. It also shows the selective and deficient application of Existing rules and the great vulnerability of small and medium-sized banks linked to the real economy. In this context, the fact that The big banks are the main financial support of the two political parties, begins to have relevance.

### **Political crossroads**

With each passing day, U.S. foreign policy escalates the conflict in Ukraine. Having rejected the possibility of initiating negotiations for a ceasefire with the mediation of China [10], the government announced a new shipment of weapons to Ukraine, which joined the decision of England to send ammunition containing depreciated uranium [11]. The Russian government warned that there are few lines left to contain the nuclear conflict and that measures appropriate to the danger of these "dirty bombs" will be taken [12]. This comes while the advance of Russian troops in [Ukraine](#) can no longer be concealed by the Western media. Nor can they erase the calamitous state of Ukraine's troops and the inability of the American and European productive structure to maintain its supply beyond the next few months.

Last week, the Presidents of China and Russia met for four days in Moscow and signed numerous cooperation agreements that show "the arrival of a change that has not happened in 100 years" and that "is jointly led" by the two countries [13]. Vladimir Putin accepted

Chinese mediation in Ukraine and extolled increased cooperation with China, including the use of the yuan in transactions with Asia, Africa and Latin America. Trapped in an irrationality leading to a nuclear confrontation, Joe Biden's administration is also rocked by political tensions that intensify on the eve of elections.



*Vladimir Putin and Xi Jinping signed numerous cooperation agreements last week.*

At the same time, Donald Trump's candidacy advances in the polls. It proposes to start negotiations with Russia, to "give the final battle" against the "Deep State"; "eliminate unelected bureaucrats" and "end the reign of corruption in Washington DC" [14]. Likewise, a congressional committee, led by Republicans, obtained new information from the National Archives that allegedly implicates Biden in influence peddling [15].

### **Forty-seven years**

Crowds commemorated 47 years since the coup of State of 1976, beginning of the dictatorship that cost the lives of 30,000 disappeared comrades. They did not die in vain. However, some of The objectives pursued at that time have been met by the Mantle of oblivion. In those times, the fight against corruption and "bureaucracies" that controlled the unions and parties Politicians occupied the center of the political stage. The villages, the strikes and demonstrations and the intervention of Juan Domingo Perón to "eradicate" the "rioters" inserted in Peronism and the Unions were not enough to silence critics who were going to the heart of conflicts. The next step was the formation of the Argentine Anti-Communist Alliance (AAA), prolegomenon of the Terrorism of State. In parallel, the business entity that historically represented small and medium-sized enterprises with national capital absorbed by large corporations and inflation was triggered that put the Peronist government on the ropes. Thus, that period was shaken by phenomena that today

corrode the Republic: non-existence of an entrepreneurial community capable of proposing a model of national development and A confused leadership that allows itself to be manipulated by its traditional Enemies.

Since then, no democratic government has attempted to change a productive matrix that reproduced the economic and political power of the monopolies and all were destabilized with inflation and runs Exchange. These governments also ignored the need to empower, from the bottom up, democratizing decision-making in trade unions and political parties. This contributed to the discipline of A political and trade union leadership that often dances to the rhythm of They are imposed on him by the usual strangers. It also fueled reproduction of a democracy in which, among other aberrations, they invent Causes to outlaw and keep political leaders imprisoned for an indefinite time, a hate story based on *fake news* is constructed and *lawfare* is practiced against the Vice President and main political leader of the country.

Today, at the dawn of an international financial crisis of enormous magnitude, the country is increasingly tied to the IMF, whose recipes increase political and economic destabilization. The burning of reserves to stop the exchange rate run, nor the voluntary price agreements that are broken with impunity, nor the "rolling" of the debt with private companies to stretch terms while containing clauses that allow them to sell the new bonds when they are sung, is worthless. Nor will the decapitalization of public bodies, privatizing their debt in dollars and increasing external indebtedness, help. All this tends to indicate that the lack of control is just around the corner. Instead of screwing for future political positions, we should prepare for the shock that the implosion of international finance will produce in the country. This implies mobilizing from the bottom up behind a plan that allows us to "live with our own", anchoring our currency in our resources and seeking the de-dollarization of our commercial and financial transactions. Although the road is long, one day we will have to start walking it. The latter will change the current balance of forces and give hope to a people exhausted in the face of so much misery.

**Notes:**

[1] Paradoxically, they are considered the safest financial asset.

[2] Analyzed in the last note. Among them, the adoption of the Bank Term Funding Program (BTFP), which will offer loans of up to one year to financial institutions that hold Treasury Bills and other financial assets. These will be "valued at par" (not counting the devaluation) and will serve as collateral for the loan.

[3] zero hedge.com, 22/03/2023.

[4] These include J.P. Morgan Chase himself. This is because the Fed considers them "too big to fail." This preferential treatment began with the 2008 financial crisis.

[5] zero hedge.com, 17/03/2023.

[6] See note 2.

[7] Rabobank in zero hedge.com, 24/03/2023.

[8] Derivatives were defined in 2002 by Warren Buffett, legendary American investor, as "a weapon of mass extermination". They are complex financial artifacts, whose notional value derives from the value of the multiple financial assets that constitute them, among others: Treasury Bills, currencies, *commodities*, etc. They are sold and bought as bets or risk insurance that is passed on to the counterparty, but if this bankruptcy, the risk is widespread. As in horse racing, players can bet even if they do not own the asset, hence the magnitude of the market. The entities involved in this casino usually bet on both sides of the counter, and are integrally interrelated, so the system can fall like a house of cards. Derivatives have been created by "shadow banking", a group of financial institutions that facilitate the creation of credit and are not subject to regulatory control. This system also includes the unregulated activities of regulated institutions.

[9] The central bank of the world's central banks.

[10] zero hedge.com, 17, 20 and 22/03/2023.

[11] Whose use has been banned by international organizations because it causes poisoning and toxic purification of the environment that lasts for a very long time. zero hedge.com, 21/03/2023.

[12] Ibid.

[13] Xi Jinping in zero hedge.com, 22/03/2023.

[14] zero hedge.com, 14, 15 and 23/03/2023.

[15] The committee investigates Biden's alleged involvement in negotiations with Ukraine and China when he was Vice President. zero hedge.com, 24/03/2023.

Source: <https://www.elcohetalaluna.com/democracia-y-mafias/>

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