

Bob Hoye
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Corruption During Boom Times

"Cutthroat and moneylender became one word."

Although boom conditions suffered a severe contraction earlier in the year the overall party has revived. Whereby both private and government sectors continue to be hyperactive. Even the deliberate COVID Crash of the global economy, country by country, is an example of hyperbolic policymaking. Paid agents continue to riot and in destroying parts of cities are inspiring downtown dwellers to move away from city cores. Lumber recorded a spectacular rise. Ambitious central bankers throw money at the markets and governments send out special welfare cheques. Those with too much home-time take the money and become day-traders on Robinhood.

Altogether, some form of elevated hysteria.

As we have noted, the net for the financial markets is that animated spirits have prevailed through the season when liquidity problems can be discovered. The calls that Ross has made have been very profitable. This being our off-week for Pivotal Events we like to update our charts on the Curve and Spreads. Recent action is not threatening, nor strongly positive.

As we all are seeing politics is definitely the biggest game in town, and comparisons to similar excesses can be reviewed. The following on Rome by the practical historian, Will Durant, is fascinating and he has a sardonic style. Edward Gibbon also enjoyed the irony presented by Rome's devastating experiment in authoritarian government.

Talking about wealth in currency terms is one thing. But noting 220,000 pounds of silver is the real thing with apparent wealth and real corruption spreading everywhere.

Bribing during elections was practiced and Cato's observation about a double standard could have been written today:

Durant : The Story Of Civilization, Volume III, page 88.

"The plunder from the provinces provided funds for that orgy of corrupt and selfish wealth which was to consume the Republic in revolution. The indemnities paid by Carthage, Macedon, and Syria, the slaves that poured into Rome from every field of glory, the precious metals captured in the conquest of Cisalpine Gaul and Spain, the 400,000,000 sesterces taken from Antiochus and Perseus, the 4303 pounds of gold and 220,000 pounds of silver seized in...Asiatic campaigns--these and other windfalls turned the prosperous classes in Rome...from men of means into persons of such opulence as hitherto only monarchs had known. Soldiers returned from these gigantic raids with their pouches full of coins and spoils. As currency multiplied in Italy faster than building, the owners of realty in the capital

tripled their fortunes without stirring a muscle or nerve. Industry lagged while commerce flourished; Rome did not have to produce goods; it took the world's money and paid with that for the world's goods. Public works were expanded beyond precedent and enriched the 'publicans' who lived on state contracts; any Roman who had a little money bought shares in corporations. Bankers proliferated and prospered; they paid interest on deposits, cashed checks, met bills for their clients, lent and borrowed money, made or managed investments, and fattened on such relentless usury that cutthroat and moneylender became one word."

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"Patricians stopped plebeians in the street and asked or paid for their votes. It became a common thing for magistrates to embezzle public funds and an uncommon thing to see them prosecuted; for who could punish robbery among his fellows when half the members of the Senate had joined in violating treaties, robbing allies, and despoiling provinces? "He who steals from a citizen," said Cato, "ends his days in fetters and chains; but he who steals from the community ends them in purple and gold."

Today's intense financial and political corruption has been part of another era of wild speculation in both fields. That while becoming remarkable is not new. And when the governing classes become reckless and greedy financial wizards thrive. Those who don't know how to game the system don't.

With little by way of check-back mechanisms, both financial and political gaming goes exponential and eventually blows up.

Lately much noise has been generated about the "Green New Deal". The "New Deal" of the 1930s was also widely promoted. Doubtless that proponents of these central planning fantasies were unaware of "The New Deal in Old Rome".

The latter was published by Henry J. Haskell, a Pulitzer journalist and editor. Back in 1938 when the prize meant something. Not a long book, it can be read at the Mises site:

https://cdn.mises.org/The%20New%20Deal%20in%20Old%20Rome_2.pdf

While the action in financial markets remains remarkable, trading opportunities can be identified. The passions of fear and greed as recorded by price.