

read more

Retrieved Tuesday 5th of September 2017 08:31:51 PM

Who to condemn: BNP Paribas Personal Finance or the Mammoth?

Written on September 5, 2017 by [dlaurent|article,Chronic,Simone Wapler](#) 

Gestures on the "Korean crisis" continue but US financial markets were closed yesterday because of Labor Day.

This allows us to focus on something else.

Today, BNP Paribas Personal Finance (BNPPPF) is going to be judged by a French court on real estate loans contracted in Swiss francs and reimbursed in euros.

From 2008 to 2009, borrower clients were attracted by lower rates. But patatras, the Swiss franc has meanwhile appreciated against the euro by 30%. Loan contracts are tied up in such a way that their duration is extended. Borrowers feel duped.

Over the course of his chronicles of the past few months, Bill Bonner has stirred the principle of win-win exchanges: only these exchanges can add to the existing wealth. It is not a certainty, one knows only afterwards, to use. But what is certain is that win-lose trade never increases the existing wealth.

4 trades 1.4 MILLION EUROS! Follow the demonstration [by clicking here](#)- you will be amazed!

The win-lose trades are those made under coercion at the time of exchange. For example, you have to pay your taxes on pain of prosecution and imprisonment; you are legally required to insure the vehicle you own; you must pass your driver's license; etc. All these exchanges are part of economic life but do not create additional wealth.

On the other hand, win-win exchanges are always concluded freely. Imagine that you only produce dairy products and live next to a market gardener. You exchange butter for spinach, after you have agreed. You eat spinach with butter and you will have gained satisfaction rather than eating only dairy products. As for the market gardener, he has butter in his spinach which is better too. In this exchange, both contractors agreed on the thing and the price and both gained in satisfaction.

Let's go back to the BNPPPF case.

Were borrowers obliged to borrow? No. They were not obliged to borrow and could borrow elsewhere than at BNPPPF. So we are in a potentially win-win situation, but it has gone bad.

Is it the fault of BNPPPF?

"BNPPPF has produced a long, confusing, unintelligible loan offer, where the exchange rate risk is only implicitly and allusively addressed, without the very terms of currency risk being used, so that the borrower does not, has not been alerted on this risk (...)"

"Such a commercial speech on a particularly risky credit, since it places a double risk of exchange and variable interest rate at the borrower's exclusive charge, constitutes the offense of deceptive commercial practice" Conclusions of the investigating judges cited by Le Figaro

A loan is a serious thing.

The clients of an organization containing in its title *personal finance* must be aware that there are boundaries and currencies that are changing. Even Cr dit Agricole wheat or beet producers are aware of these things!

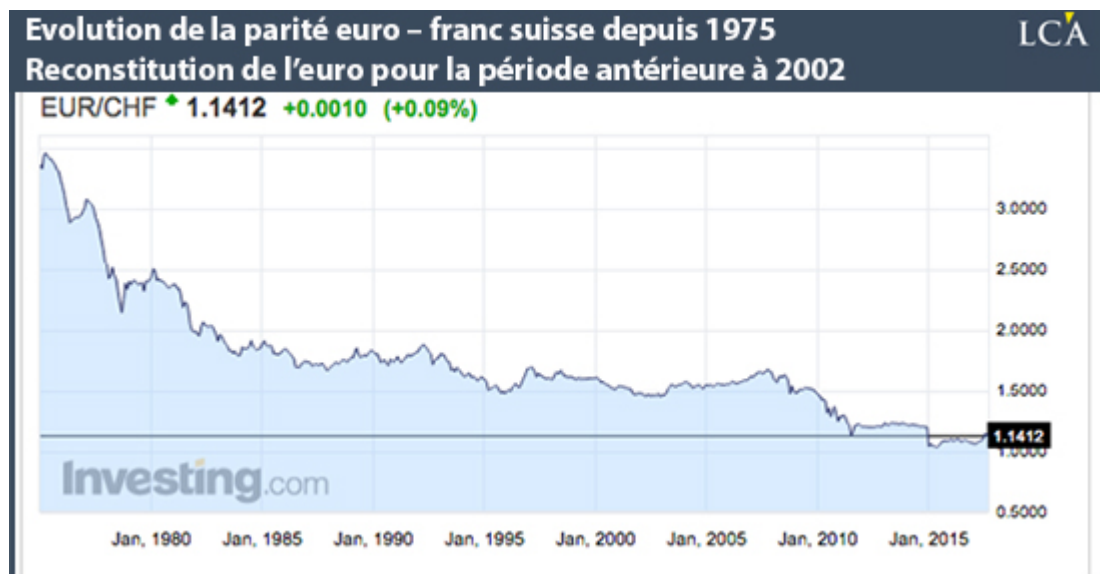
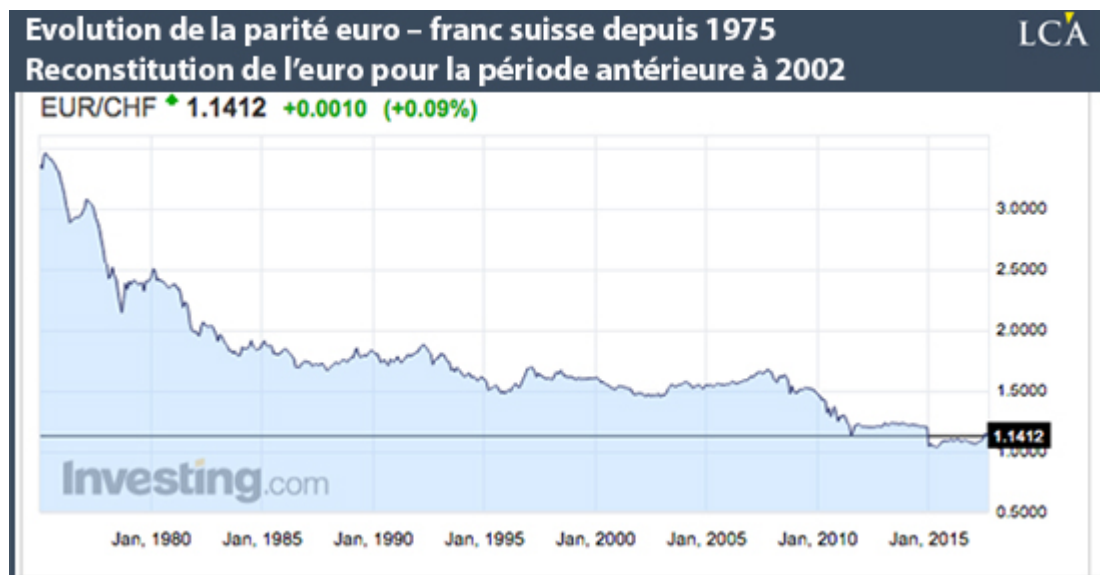
What is smoky is shady. Unnecessary complexity is the best weapon of parasitocrats.

BNPPPF's clients should therefore not be left out as the currency fluctuates between them.

In this case, the NF ("new" French franc) promulgated in 1958 was at par with the Swiss franc (1FF = 1CHF). When the French franc was dissolved in the euro, a Swiss franc bought 4.5 French francs (FF 4.5 = CHF 1). The disastrous management of our country is inscribed in this parity. Switzerland is a more prosperous country than France, which is not hampered by its "strong currency". I know that people skull their s with ideas about the charms and advantages of the weak currency, but the parity of the currency results above all from good management. A economically strong country, strong currency and poor country, currency of monkey.

[Editor's note: Currency markets account for approximately \$ 689,000 billion, or nearly 12 times the volume of equity markets. You can take advantage of the anomalies of this enormous market without being on Forex and without being an expert. [Discover here how](#)]

Without being a genius of international finance, it can be seen that most of the major countries of the Monetary Union (France, Greece, Italy, Spain, Portugal) are rather less well managed than Switzerland. The same causes, producing the same effects, it was likely that the euro would weaken against the Swiss franc.



In reality, this case demonstrates the ignorance of the French in economic and financial matters. If monetary issues were not of interest to BNPPPF clients why the heck of a complication?

Economics should not be relegated to classrooms and statistical offices, nor should it be abandoned to esoteric circles. It is the philosophy of action and of human life: it concerns everyone and everything. It is the marrow of civilization (...)

*In such vital cases, **blind trust in experts and uncritical acceptance** of slogan and popular prejudices is **tantamount to giving up self-determination and yielding to the domination of other people***

Ludwig von Mises, *Human action*, treatise on economics (1949)

What happened is normal.

It is not BNPPPF that should be condemned. It is most of the textbooks of "economics" that should be burned and the charlatans who are the authors. It is the Mammoth of National Education that should be dragged before the courts.