

# Greedy Big Tech Is Suffocating the Market

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[As Bill Gross](#), Investors have become accustomed to "making money with money" with the credits of central banks. But this activity does not increase the real wealth existing. This is likely to become apparent soon if the Fed implements its credit crunch plan.

When the Fed buys a bond in the market, it replaces money locked in with fresh money. For example, the Fed buys car credits *subprime* to a bank. Instead of having money locked in, the bank has the opportunity to lend again. It will lend, for example, to a company in the shale oil industry.

Conversely, if the Fed does not buy or sell old securities, the money stays fixed or returns to the past, to the credits *subprime* Automobile in my example. All this micmac has nothing to do with the increase in wealth already existing. Credit contractors *subprime* Automobile already have their cars. If oil prices fall, the new operation may not be profitable and the oil company will find itself in financial difficulty.

Bill Gross reminds us of a great principle: wealth creation comes from investments that increase productivity, that is, the amount of goods and services sold with profits.

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In the real economy, strong winds are blowing, which counteract this process. This is called the "New Standard" (*New Normal*): Very high indebtedness, aging populations, the relocation of work. Investors in the real economy are facing these winds, not just large multinationals. Consequently, they reduce the canopy, they reduce their productive investments.

Productivity gains are decreasing. Worse, for five years they have stagnated in the developed world. Since 2000, productivity has increased by only 1% per year.

For investors "making money with money" thanks to the credits of central banks is safer than trying to find profitable companies whose productivity increases in the real economy.

Uber, Amazon, Facebook, Google, Apple, Netflix ... belong to the real economy. But do these companies contribute to the increase in productivity? Do their products or services sold with profits (when this is the case) allow their customers to produce more and better with less effort? Does the Internet really increase productivity?

One day will come the "Great Reconciliation": the real economy and the financial economy will have to again reach the same pitch. Volatility will return and "Great Moderation" will belong to the chimeras of the past.