

Hello Everyone,

“If you are going through hell, keep going.” Winston S. Churchill

“The path to paradise begins in hell.” Dante Alighieri

For all those poor people in America’s big cities, Mr. Churchill’s advice seems sage. And, I hope for their sake as well, Dante is right.

Today’s missive touches on banking, stock markets, and Dante’s classic work, **Dante’s Inferno.** We’ll get back to more conventional topics next week. But, for now, let’s view the investment world through a different lens.

I hope you find today’s missive, uhhh, different (?) interesting (?).

Signed, Your Isn’t-It-Kind-Of-Paradoxical-That-Dante’s-**Inferno**-Is-Part-One-Of-His-**Divine-Comedy(!?)** Financial Advisor,

Greg

KKOB 06.15.2020 Dante’s Inferno and Peas

Brandon: So, Greg, based on what’s happening in America, you believe we are on the verge of generational change. And you also believe the world of finance bears some responsibility.

Greg: I do. So, on Friday, we looked at the moral struggle inside capitalism. Today, let’s turn our attention to the struggle inside banking and the stock exchanges. And your listeners should know, this is an old fight.

So, let’s draw some historical parallels.

The brilliant Italian poet and author, Dante, didn’t believe bankers should charge interest. To the Middle Ages mind, interest was unnatural. You were taking something sterile (money) and making it fertile by means of compound interest.

He called bankers greedy and usurious. He believed interest polluted the very character of his fellow citizens.

Brandon: Imagine what he would say about credit card interest! Now this is the Dante who wrote *Dante's Inferno*, right? You know, the book that imagined the circles of hell. The lower you went, the worse things got.

Greg: Right. In Dante's mind, bankers were sentenced to a level lower than even murderers. Bankers were condemned to sit motionless for all eternity with bags of money around their necks. All they could do was stare at it.

And, the reason their crime was so bad had to do with a Biblical concept called "chamas."

We don't really have an English translation for this word, but generally it would be ---*violence, or a "ripping away", in a manner so clever there is no chance for justice.* The example ancient rabbis used to explain it was this.

Brandon, pretend you went to the market and you bought a bag of peas. As you were exiting the market, a gang of 50 men surrounded you. Each demanded you give them one pea. Oh, and they do this to everyone leaving the market.

Now, let's say you recognize one of the men and you go to the local judge and say, "*That man stole a pea from me!*" The judge would likely say, "*One pea?! Don't waste the court's time!*"

Brandon: So, by taking just a little from everyone, the gang could eventually get rich. Plus, they know they will never be prosecuted. So, unlike murder, which is punishable here on earth, this is an unpunishable crime. Thus, the lower level in hell.

Greg: You're thinking like Dante. And you can see this same trick playing out today at the trading desks at the large New York investment firms.

Here is the modern day version.

The computers today are so fast (and trading is so sophisticated), the programs can see both sides of a trade before it is completed. Thus, a big firm's computer can jump ahead of any trade you and I may want to execute. In simple terms, the computer can position itself as a middle man.

In this way, a sophisticated trading desk can "skim" a small amount from both you and me....and you and I will never know it, since it's done in a few nanoseconds. Oh, and a nanosecond is a billionth of second.

Anyway, what this means to our transaction is we might end up paying only 1 or 2 cents more per share.

But this program can do this on millions of shares each day via high frequency trading programs. This is why the trading desk at a place like JP Morgan can go years without ever having a losing day (!) of trading. Up market, down market. It makes no difference. Every trade is a winner. It's like stealing a pea...over and over.

Anyway, I know this won't be popular with some of my Wall Street friends, but we need to recognize some hypocrisies here. We proclaim disgust at the looting we see in our cities...and we should. But, we turn a blind eye toward the looting that is done via a financial system that has lost its moral way. And, though the little guys can't articulate it, they know something is off.

And, when both ends of the economic spectrum (think looters and high frequency traders) know there are no consequences---- societies tend to unravel.

Brandon: And it seems like we are seeing some unraveling today. How do people reach you?

Greg: My number is 250-3754. Or, go to my website at zanettifinancial.com.

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