The Hypertrophy of Finance

George Gilder

George Gilder explains how the management of our money system has increased inequality. While the trade in goods and services has remained stagnant the volume of trade, and the ensuing profits, in currency trading and financial instruments has grown substantially, enriching a small elite at the pinnacle of our financial system.

> *Dominating the system utterly is the West. In the forefront of the foreign exchange operations are the United States and Europe, with London's "City" alone accounting for 36 percent of all trading. Some 87 percent of transactions involve the dollar, in which 63 percent of all international trade is denominated and which accounts for more than half of all global reserves held by central banks to back their currencies. Since the economies of these leading traders in the West have failed to grow substantially, recovering from the slump but not moving on to significant new highs by 2016, currency trading and its effects constitute a substantial share of total growth.*
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> *That is what we mean by the "hypertrophy of finance," which accounts for 35 to 40 percent of corporate profits. While trade in goods and services languishes, currency trading*

> *soars. Financial service finds its ultimate test in how it affects the rest of the economy. But currency trading has been rising at least twenty times faster than productivity growth.*

Gilder, George (2016-03-28). The Scandal of Money: Why Wall Street Recovers but the Economy Never Does (Kindle Locations 1575-1583). Regnery Publishing. Kindle Edition.