

Economics Is Simple ... The Fat Cats Just Want You to Think It's Complicated So That You Won't Demand Change

By [Washington's Blog](#)

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Economics and finance seem like complicated topics, and so many people “leave it to the experts”.

However, these topics are actually simple, and if people hear a clear explanation, they will be able to form an opinion about our current economy and the government's response to economic challenges.

It will be easy to understand the economy if we think of money as water. Links showing that the analogy holds true with the economy are provided for convenience.

Let's imagine that there is only a limited amount of fresh, drinkable water in the U.S. (which is true), and that a handful of say [5 big water companies control the rights to 90% of the water in the country](#).

Let's further imagine that the water companies – wishing to make more money – expand beyond their traditional water business, into mining for oil and gas. Indeed, the oil and gas mining business becomes so lucrative that it soon [dwarfs the size of their actual water business](#). They keep their traditional water business, but soon also become the [largest polluters in the country](#).

They dig for oil and gas right around where the aquifers are where they pump water. Unfortunately, they are greedy and cut corners, and end up polluting all of the aquifers with [toxic](#) crude petroleum compounds.

The water companies loudly tell the government that this pollution was “unexpected” and simply a temporary “water-flow” problem. They jump up and down and yell that – unless the government “bails them out” by giving them more water – the entire water distribution system in the U.S. will fail, and Americans will suffer a water shortage and severe thirst.

Advocates for the American people argue that the big water companies should be [forced to clean up](#) the aquifers. They point out that we will have a drastic water shortage unless these water supplies – which constitute the lion's share of fresh water in the U.S. – are cleaned, and that the water companies must be forced to stop mining for oil and gas right next to the water supplies so that it won't happen again. They also demand that the government distribute the water in its emergency strategic water supply [directly to the people](#), as that will directly address the problem of thirst and water scarcity.

They point out that drilling for oil is a wholly-separate business from pumping and selling drinking water, and demand that the water companies [sell their petrol business](#).

They point out that if the costs of cleaning up the aquifer are honestly tallied, the water companies are bankrupt. They say this the problem is not a “temporary” water shortage, but that [the big water companies are actually insolvent](#), and that their entire business model is flawed.

And they note that the big water companies are [not as efficient](#) at extracting water from aquifers as smaller water companies, but that the big companies are getting so big that they re [driving the smaller companies out of business](#).

The big water companies respond that they’re “too big to fail”, that they’re doing fine and only experiencing a very temporary “liquidity crisis” shortage of water, that they just need a little temporary help to get the water flowing to America again, and that they’ll drill safely for oil and gas and that so new rules are needed.

The White House and Congress (having received [a lot of contributions](#) from the big water companies), and the Federal Water Reserve – a quasi-governmental agency [owned entirely by the big 5 water companies](#) – decide not to crack down on the big 5 water companies. Instead, they exempt them from pollution laws by [relaxing reporting requirements](#) so that the companies [don’t have to report](#) how much oil and gas pollution has really gotten into the aquifers. Indeed, the government let’s the big companies write the rules for a series of highly-publicized “stress tests” which are simply a [P.R. ploy to reassure the public](#) that the water is safe and the companies sound, even though neither is true.

The government and Federal Water Reserve also buy all of the polluted water in the aquifers at [100% of the normal price](#) for clean water (and used it for security for cheap loans to the big water companies), and that water is [stockpiled in the bowels of the Federal Water Reserve building](#) (even though the high petrol content makes the water highly flammable, and thus a fire hazard). So instead of the water companies having to pay for their toxic pollution problems themselves, the government takes care of it ... at the taxpayers’ expense.

The government also taps into it’s emergency water supply, and gives all of the water to the big 5 companies to help them through their “temporary” water shortage. Americans are starting to get thirsty, but the big 5 don’t sell to average Americans. Instead, they use most of the water in their oil and gas mining operations (it takes a lot of water sprayed on the rocks being drilled to keep the dust down). The big 5 sell some of the water to fat cats who already have lots of fresh water in private ponds and storage tanks, and stockpile some of it. The average American on “Main Street” gets [thirstier and thirstier](#).

The government also props up the big water companies by giving them all sorts of [subsidies, incentives and business opportunities](#) which guarantee that they’ll make money. The government offers none of these to smaller water companies, and actually [penalizes smaller water companies](#) by charging them extra fees to pay for the misbehavior of the big companies.

The American people become thirstier and thirstier, and without water to grow crops, put in their cars’ radiators, or even wash their hands, America becomes poorer and living standards decline.

The big water companies try to make the situation seem extremely complicated, so that only the “experts” can understand it. By making things seem complex, the American people won’t feel competent to demand changes. Indeed, they even promote academics who are trained to [ignore the real world and instead focus on highly complex – and unrealistic – models](#).

But the situation is actually simple. Things haven’t improved, and won’t improve until:

- The government gets back to the real system – that is, [actually delivering water – instead of ignoring water and stressing the artificial paper profits or oil mining operations](#) of the big water companies
- The big water companies are [broken up](#), so that smaller water companies focusing just on H2O can step up to find clean water and sell it to normal Americans
- The big companies are forced to clean up the polluted water, and the [illegal mining operations](#) of the big companies are prosecuted

Simple, isn’t it?

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