The Circulation of Money
A reflection on wealth, trust, and the invisible tides that move our lives

Money is more than metal, paper, or numbers on a screen.
It is confidence, movement, relationship, a pulse that animates the life of a nation.
When it flows, it nourishes; when it stops, it suffocates.
This short reflection seeks to understand that mysterious current,
how money circulates, multiplies, and sometimes vanishes,
and what its movement reveals about us.

The Multiplier Effect of Spending
Back from his recent trip to our homeland, a friend told me about the lavish spending of the country's billionaires: bottles of rare European wine costing as much as a worker's yearly salary; slices of Japanese Kobe beef priced hundreds of times more than an ordinary meal.
Such extravagance dazzles the eye, but also shocks the conscience.
And yet I found myself wondering: could such excess, in some strange way, still be beneficial to my homeland?

Money, once spent, never stays still.
The person who receives it will soon spend it again, to buy something, to repair something, to fulfill some need or desire. And the next person will do the same.
Thus, the circle widens, like ripples spreading across a calm lake.
Economists call this the *multiplier effect*. Many small streams, by joining together, eventually form a great river.
Even extravagant spendings, a rare wine, a luxurious meal, join that river. They create profit, they create jobs, they fill hands and pockets, and keep the current of the economy flowing.
As that flow grows, so do tax revenues. And with those taxes, the government may extend a hand to those who need it most.
So yes, in an odd, almost paradoxical way, even extravagant purchases can still do some good.

The "Magical" Creation of Money by Banks
There is something almost magical in the way money is created today.
Once upon a time, to lend money, one had to possess it, to count the coins, to hold the notes, to hand them over in person.
But now, in the age of trust and technology, banks create money with a few keystrokes.
A loan appears in a borrower's account, not as paper, not as gold, but as confidence… as faith in the system.
Nearly all the money in the world today, about ninety-seven percent of it, exists only in electronic form. The cash we see and touch, the coins in our pockets, the bills in our wallets, represent only a small fraction, barely three percent.
And yet this invisible money moves everything.
When a borrower repays a loan, that digital money vanishes as quietly as it was created. But while it exists, it flows through the economy, earning for the bank interest and big profits : the capital borrowed must also be paid back to the bank, fueling new loans, and feeding that same river of circulation.

Of course, the magic can turn fragile.
If a bank lends too freely, it may one day find itself unable to meet cash withdrawals. Confidence can shatter like glass — and the fall of one bank can trigger a chain reaction.
That is why governments set rules to balance ambition with prudence, growth with stability.
In Tunisia, for example, in 2018, banks were told not to lend more than 120 percent of their total deposits, a prudent limit lower than in many other countries.
Even magic, after all, needs rules.

But what happens when the river slows?
When fear replaces confidence, when jobs are lost, when shops close, spending dries up, and the economy contracts.
In the 1980s, President Ronald Reagan sought to revive spending by cutting taxes for the wealthy, hoping they would invest and consume more. But they did not. The river did not rise.
And so, in hard times, it is the government that must act: investing in roads, schools, people and businesses, etc.
To do that, it cannot raise taxes, for that would drain more money from the flow. Instead, it borrows, by issuing government bonds, bought by investors seeking safety and steady returns.
The Central Bank can support this process by lowering interest rates, making money easier to borrow, or by purchasing government bonds.
But borrowing carries a cost. It leaves behind a growing public debt, a burden for future generations.
Every government must therefore hope that today's investments will blossom into tomorrow's prosperity.
The Central Bank, for its part, can create both cash and reserves, a form of electronic, or "scriptural," money — but these reserves are accessible only to commercial banks, not to individuals or businesses.

When Money Goes Abroad...
Now imagine if the great fortunes of a nation — the billions resting *abroad* — were invested instead at home.
Imagine the jobs created, the factories humming, the sense of pride restored.
But too often, the wealthy of poorer nations move their capital to richer, safer lands.
And so, wealth leaves the poor to nourish the rich.
The income from those investments is taxed abroad.
Some of that tax may later return as *foreign aid*, wrapped in goodwill — but also in influence.
Much of that aid is spent buying goods and services from the donor country — sending the money straight back where it came from.
Some of it may even end up again in the pockets of the same billionaires, who quietly send it abroad once more.
And thus the cycle continues: money flowing from the poor to the rich, from the uncertain to the secure, from the needy to the abundant.

Dear Friends,
Thank you for reading my prose.
I am no expert in economics — only an observer trying to make sense of the invisible tides that move our lives. If I have made errors, I trust that wiser voices will forgive or correct them.
But I do believe this:
So long as money moves, life moves.
And when it stops — when fear, greed, or despair freeze its flow — the heart of the economy begins to falter.
So let us wish for motion, for circulation, for confidence.

And above all, let us wish for good health and gentle days,
so that we may enjoy, together, the precious time we have left on this turning Earth.