

Adjusting the Baseline = Falsifying Reality

05-20-16

A baseline is a description of a standard. A politician may charge his opponent with specific illegal acts, but if the accuser is guilty of the same, rather than a vote it should earn him an enhanced negative rating for having further deviated from the baseline for honesty. One nation may unilaterally invade another based on truthful charges of brutality against its own people, but is all the more evil if it has done the same to its people because, while guilty of the same crimes as its enemy, it uses justice and decency, fundamental human qualities, as a cover for the commission of additional crimes. A person with an average knowledge of the world will easily be able to detect the false basis for many political acts. But there are other baselines that are adjusted in such tiny but numerous baby steps that we become blithely unaware a crisis is approaching. Great changes in the way people live are made to come about as if by choice rather than necessity. The post World War 2 years were so positive in terms of a steady improvement of income and standard of living that when the fall began it wasn't noticed. Real hourly wages peaked in 1973 and then began a steady decline. They have never recovered, nor the truth discovered, because households doubled breadwinners -- officially because women wanted to leave home drudgery for the fascinating life of a paycheck, and not to maintain standards. And so the economy with its constant buzz of adjustments flickers from positive to negative in such rapid cycles of shifting reality that it seems to be no worse than a steady state of deterioration -- a bustling life amidst the ruins. It can't be seen, but it can be felt, thus the decline of mainstays the world over and the search for a new baseline -- a world that is open to the fullest development of the individual.

The US oil rig count is down to 318 – the lowest in 40 years. This has contributed to the highest oil prices in 6 months. The slight reduction in the worldwide glut due to the reduction in American output, the Canadian wildfire that has halted a million barrels of daily production, and chaos in major oil producing nations has served to raise oil and gasoline prices. The American CPI rose 0.4% (1.1% annualized) largely because of gas price increases.

In order to halt the decline in its growth rate, China has spent huge sums on infrastructure improvements and housing which necessitated massive consumption of commodities and construction of machinery to turn them into finished products. China's inexperience in adjusting to the rapid changes in its relationship to an irrational capitalist economy has led to the conversion of stimulus to slump. It then switched gears and moved toward building up an internal consumer society. But both industrial production and retail sales are in decline, meaning as of yet neither has been able to stop the slump in GDP growth. A sign of failure on the consumer side is a 5.2% decline in private fixed assets investment. Growth between 2003-2011 averaged 28.4%. It seems that 2011 is the magic number for both China and the US. In this country that was the year when the burst of stimulus petered out, seemingly for good when those that followed could do no more than ameliorate failure.

Stock buybacks were down 38% the last four months. Analysts say the fall is due to the decline in corporate profits – thus the need to keep more cash on hand rather than sunk in equity. Dividends have also declined.

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