As Good As It Gets

12-23-16

To begin with the best. The great Liberal/Democratic popular movement in support of the presumably many delegates to the Electoral College who recognize the danger of a Trump presidency to switch their vote to Clinton reached its crescendo – with Trump losing two votes, and *Clinton losing five.* It could have been worse – three delegates who refused to vote for Clinton were kicked out and replaced by alternate delegates.

But there is a bright side to a Trump presidency in that our fool of a 'new leader' is shaping up to be such an aggressive blockhead that enough Americans may arise from their lazy asses and do something about a wretched democracy that they provide them with nothing to vote for except vessels of dreck. This week Trump topped himself by adding a few billion more to his cabinet (now expanded to include kitchen and toilet) by selecting the notorious robber baron Carl Icahn, who enriched himself by gutting companies and tossing workers onto slagheaps, to lead a team that will advise on eliminating government regulations. That is like hiring a rat to regulate the distribution of cheese. But not to worry – for those poor souls who thought a brainless plutocrat would shake up the system may still get their wish although it may not be just the system that is rattled for their new chosen leader has promised to "greatly" increase our nuclear arsenal. Clinton aimed her war-mongering at Russia, Trump has switched that to the far more dangerous China. *Plus ça change, plus c'est la même chose* – which when evaluated from the standpoint of historical development means a worsening.

The Trump world market surge continues producing, among other things, the dire need to justify it as anything other than an explosive expansion of the bubble economy. While there are always available the polls of shut-in saying they are ever more optimistic about the future robustness of the American economy, there are many historic economic markers that reveal otherwise. GDP growth is closest to what we have as a gold standard of economic strength. This year it is projected to be 2.58%. That will make the tenth year in a row that it has failed to break the 3% no growth barrier, something that has never happened in the 85 years of GDP growth calculated in its current form. That is also a virtual definition of what it means for an economy to be in a depressed state, and the cause of mainstream political reversals around the world.

The popularized measure of what it taken to be financial health has been the fast rise of the Dow Jones Industrial Average – about 1000 points in a month and now near 20,000. But the only way it could be a measure of economic vigor from its inception over a century ago is if it continued to include among the firms evaluated those that form the bedrock of a real economy. As late as 1979 (the 70's being the decade in which many believe American capitalism peaked) the DJIA 30 included companies such as, Alcoa, American Can, Bethlehem Steel, Dupont, Kodak, GE, GM, Goodyear, International Harvester, 3M, Westinghouse, International Paper, John-Manville, IBM, etc. The only non-industrial companies being Sears Roebuck and Woolworth. Some companies have merged or are only a shell of their former selves (Kodak), but now we have Coca-Cola, American Express, Goldman Sachs, Home Depot, JPMorgan Chase, McDonald's, Nike, Travelers Companies, United Health Group, Wal-Mart, Visa, Walt Disney. Almost half have nothing whatever to do with industry. The core of American industrial production is the auto industry -- but there is no GM or Ford on the list. Instead we have a sneaker company (Nike) that makes everything abroad and has all of 15,000 employees in this country. There is not a single airline, trucking or freight rail system represented -- instead we have two junk food and drink companies, banks, credit card companies. Companies with employees numbering in the hundreds of thousand are out while AMEX, with all its 8500 employees are in. The reason is obvious -- most of the base industry in this country is doing badly and that is reflected in its share value. If they were in the DJIA it would show the economy to be as weak as it really is -- thus they have been removed and replaced with any company that demonstrates solid growth. But the point in providing this data is not to criticize Dow, but as evidence of just how bad things must be that hyping the historically meaningless 20,000 marker has become so vital for keeping people in the dark.

According to the BLS real hourly wages grew 2.2% in the third quarter. That is extremely poor growth. There was hope of real improvement last year when quarterly rates rose as high as 4.8% (first quarter 2015) but that turned out to be largely due to very low fuel costs. Another great boost for the market has been OPEC and some other oil firms to finally agree on cutting output. That has led to a significant increase in oil prices, and since much of this country's recent increase in oil output has come from the expensive process of fracking, the high prices may be enough to permit those firms to pay of their huge loans. Great for the banks but not for the real economy because what the banks receive the consumers do not in higher wages, and that means a further weakening of the real economy.

In the third quarter of 2016 household net worth was $90 trillion. That's a huge increase from $67.9 trillion in the same quarter of 2012. But that great increase in "wealth" exists only in paper for electronic form. The super rich can't be bothered with actually possessing it, and besides, they've got pretty much all they personally need, so it's sent out to bring them more.

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