

Back to the Future

01-04-2019

Now that the world economy seems to be in the process of recapitulating 2007-2008 we are seeing more capitalist information sources casting doubts in a halting and hesitating manner about the continuing viability of the system itself. Some high level functionaries of finance capitalism have even personally come forward.

Olivier Blanchard, former chief economist of the IMF tweeted, in the midst of a besieged Macron having gone from beloved to reviled in only a year and a half as French president, *"What comes after capitalism?...Given the political constraints on redistribution and the constraints from capital mobility, we may just not be able to alleviate inequality and insecurity enough to prevent populism and revolutions."* Martin Wolf of the Financial Times reluctantly concluded *"that capitalism is substantially broken."*

Of course they will all acknowledge the brilliance of Marx even though the core of his proposed system is a proven failure. And it will be said without the quibble that it was destroyed from within by usurpers whose later acolytes transformed it into capitalism, just as Marx predicted would happen if it didn't simultaneously spread to many countries. Still, Marx's favorite motto was to *doubt everything*, and something of interest may be revealed even when expressed by the bourgeoisie.

Krugman has also been questioned about whether capitalism has reached a dead end. Certainly the return of a Stalinist-type bureaucratic rule is out. *"But I've been wondering, exactly how discredited is socialism, really?"* He proposes a mixed economy; 2/3rds capitalist and 1/3 *"sort-of-kind-of socialist."* And then he goes on to say, *"I see zero chance of any of this happening in my working lifetime. But I do think it's worth trying to think a bit beyond our current paradigm, which says that anything you could call socialist has been an utter failure. Maybe not so much?"*

And so there you have it; the greatest thinkers capitalism has to offer realize that changes must be made while at the same time understand a revolution would be necessary in order to enact the most minimal. The implication is clear: the revolution will have to come from outside of the system.

There was an interesting end to market fluctuations this week. The recent downturn have the powers that be worried that the one prop used to make the economy appear healthy will no longer be useful. So China and the US got together to repeat what has already failed a number of times -- that they will try

again. Hawkish Powell turned dovish and said the Fed will show *'patience'* in deciding the next rate adjustment. Friday almost exactly reversed Thursday's because of promise of talk, talk and jobs figures much higher than expected. The BLS came up with 312,000 jobs for December, well above expectations of 180,000. The labor force gained 400,000 which brought the unemployment up to 3.9%, and wages grew by 3.32%, the most in 10 years. But shouldn't the jobs figures bring Powell and the Fed back to its Hawkish stance? Those figures justify his worries. The basis for all this idiocy is that the *'tail'* is forgetting the *'dog'*, and that pet of finance capital is certainly becoming a shaggy mutt; that is, it's currently sinking worldwide. The jobs numbers stated more significantly are that the annual growth of 1.78% is only slightly above the previous two years and less than 2015 at the end of which the economy was in near recession. What of the big numbers? They are a product of the BLS's trend cycle adjusted system. More or less fictitious unless one suddenly experienced a resurgent real economy. Data relating to its general state was released today. The ISM reported a November to December decline in manufacturing from 59.3 to 54.1, and in new orders from 62.1 to 51.1. Those figures indicate a quite sudden slackening of the economy. Markit does the same studies for many countries around the world. It reported that in December world output growth fell to a 27 month low. The more they spout positive drivel, the more they madden the nether world into populist revulsion. Happy New Year!!!

<http://unrealeconomy.org>