

## Bytedance Bites Its Tongue

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Just what are the people of China suppose to do? Under Mao they were proclaimed to be Marxists internationalists and therefore holding at their highest principle the betterment of humanity, both at home and for all the peoples of the world. But now under Xi and the same Chinese Communist Party they are condemned for enjoying the fruits of the transition to capitalism. Social media is both proof that they must now really be in a free society, and a hugely popular way to express it. Like to share inane off-color jokes -- to read a selection of the most sensationalist junk news from around the world -- to share healthy reality show challenges, like young girl contestants seeing who can get pregnant first, and to have fun uploading ones own playful video parodies. For some reason the state apparatus of the CCP regards all this as a "violation of socialist norms." Very confusing for the Chinese youth who must see the elimination of any trace of socialism by the state as the ultimate violation of those norms. The operators of Bytedance released the following statement -- "We are guilty, and the platform has an unshirkable responsibility for this." -- just to show that they remember a blanket admission of guilt without details lets their fans know that they don't really mean it. Unfortunately Winnie-the-Pooh will have to go because he looks too much like Xi, but hey, if that's what it takes to maintain socialist norms, then so be it. We all must make sacrifices for the cause.

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The week ended with a flurry of important economic reports.

- French Q1 GDP slowed to 0.3.
- China's industrial profit growth came in at the lowest rate in 21 months.
- The Bank of Japan will retain its negative interest rate - 0.1%. It also will forget about its promise to raise the CPI by 2% or more because they have failed to get the core rate higher than 0.5% after many years trying promises.
- Japan's retail sales rate fell last month.
- Draghi of the ECB reported a slowdown in the entire Eurozone -- especially noted in three year lows in key industry areas reported by Germany last week.
- The UK's Q1 GDP was 0.1%. The lowest since 2012
- The US Q1 GDP first reading was 2.3%. Down from Q4 2.9%.  
The US has had 35 quarters of GDP growth (almost 9 years), 25 of them were 25 of them were below 3%. In the late 90's there were 15 consecutive above. That is stagnation in numbers.

Yet the markets largely ignored what seems like a repeat of a cyclic slump within the L-shaped stagnation that is being passed off as growth. Replaced with one-off trivialities like one company with 4% of S&P market value reporting something positive being enough to carry the day. Or a bit of news that can be interpreted as weakening the threat of a trade war. The grace period on implementation of tariffs on the EU will end on May 1, and indications after Trump's meeting with Merkel today is that there is no agreement in sight.

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A really significant event got the ho-hum treatment. The Korean armistice was signed in 1953, but the North's repeated attempts to obtain an official cessation of the war has always been rejected by the South (and US). Suddenly everything has changed after Kim made an official visit to China. Undoubtedly he received a variety of threats and promises from his only important ally. Typically the US opposes signs of good relations between a capitalist state and one that calls itself communist. Destruction of the latter is usually the only option. Trump may be quirky enough to let this one pass since peace in that area is clearly what Americans want. I'm sure he would love to brag about ending a 65 year old WW3 threat.

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