

Capitalist Fatigue Syndrome

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There is bellicose talk regarding N. Korea -- it goes down. Then Kim goes to the Olympics -- and it goes up. Then there is lots of talk about a trade war with China -- it goes down. But then Xi says a few nice words and Trump smiles -- it goes up. The same see-saw effect regarding war or not war with Russia in Syria or if the Fed is getting more hawkish than dovish.

There is not a damn thing in those market gyrations that anything immediate or directly to do with the real economy – that's the one which is an integral part of the lives most everyone except for the tiny investor/speculator sector. During the ten year low grade depression that followed The Great Slump there have been two instances of mini-recessions: 2012 and 2015-2016. In recent months there are deepening concerns that another one has begun. Growth for the Eurozone had a 'surprise' decline in February. Industrial production and growth in Germany were the lowest since 2015. Everything is weakening in the UK. Kuroda is no longer bragging that he will boost Japan's CPI beyond the promised 2% now that it's mired at around 0.5%. That the US economy is weak, or sluggish, or stagnant is accepted by all except the prevaricators. China has acknowledged a slow down and prepared measures to cushion its effects. This week the yuan fell to its baseline exchange rate of 7.85, the first time in 35 years, and the Hong Kong version of a central bank had to sell \$450 billion to prop it up.

As has been stated in these pages from the outset -- in 2008 the panicked central bankers could think of nothing but unleashing vast sums of credit, and when that unleashed an absurdly hollow bull market, they still expected the huge but weak tail of the financial sector to wag the sluggish body of the real economy. That is not working because money in all its forms is being used in ways that have nothing to do with its reason for existence which is as a nominal representation of the exchange value of commodities in circulation. When this happens it becomes an end in itself, what Marx termed "hard cash", and provokes a crisis.

All the central bankers think their current or past flood of credit is working even though they can't comprehend the slowness and weakness of economic growth. They prefer to accept that growth is happening based on their charts rather than the lived experiences expressed in the many political shocks. It's telling them that the vast majority is getting increasingly sick of its neurasthenic economy.

The Financial Times published an article about masked men raiding a notary office to smash its computers and printers. No, they weren't thugs hired by a loanshark to punish deadbeats. It's actually hundreds of Greek notary offices that are the low level goons working for Goonship Center (IMF, EU, ECB) which is skinning alive every Greek who is unable to pay for a purchase because the rotten foundation of capitalism gave way along with his job before he earned enough to pay his bills.

The Goon Center also has a boss -- the banks that want their money no matter what. They therefore withheld a billion Euros from the most recent bail-out until the dispossession of Greek property is quickened by holding electronic auctions instead of physical ones. The weird thing is that almost all the bailout money is immediately sent to the banks, but of course they can't just do that. The guilty must be punished even though it has meant several cuts in social security, reduction in the quality of health care and all services, and an embarrassing increase in just plain old hunger. For decades to come Greeks will be paying off the sharks unless they decide to fry these fish rather than feed.

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