

Shocking News -- Capitalists Lie!

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The Bureau of Labor Statistics surveys 142,000 businesses and government agencies for its monthly Establishment Survey of jobs. The BLS merely accepts whatever they tell them and then compares that number with new tax filings. The filings showed that between March 2018 and March 2019 the the jobs reports they received exaggerated actual hiring by a total of 501,000 -- that's 20% of the 12 month total. That is the largest revision since 2009 and could mean a cut from 223,000 monthly average to 185,000. This is a preliminary finding with a final report to be issued next year, but it's highly unlikely that the gap between the two will be greatly altered.

The monthly break up for the year wasn't reported. One would expect that the greatest exaggeration (lies) occurred toward the end of the 12 months when the economy began showing signs of joining the world slump.

Since every new hire is immediately issued a WW2 to fill out, why doesn't our government require those surveyed to simply make a count of those WW2's? I'm just being silly. Honesty is un-American. America pushes illusion further away from reality than even countries like France. The PMI's (Purchasing Manager Index) for manufacturing and services just asks executives with a personal stake in the report to say whether things are better, the same, or worse. The polling of CEO's by the Fed branches are much the same with different wording.

Comparative analysis of data gathering methods have shown that the only reason this country appears to have a stronger economy than other major nations is because this country leads the world in prevarication. Thus the weakening of effective lies is a more powerful predictor of a financial crisis than yield inversions.

Economics Info

This week had another exciting ending. Today China decided to respond to American tariffs on its goods by announcing the same on American goods. Our American Asshole-In-Chief immediately blew his top, saddled China good with some new tariffs; encouraged American companies with operations in China to consider pulling out; and then went so far as to say that we don't need China when in fact America needs the whole world, that's why we have 800 bases outside of the mainland.

Meanwhile the Fed is enjoying its annual Jackson Hole conference. Powell strongly indicated another cut is coming soon after describing a torrent of bad political and economic developments around the world. Powell is skating on thin ice. He would like to see the grossly inflated markets gradually surrender a significant chunk of its filthy lucre but is afraid that rate cuts so soon after he was

so very confident that it was all onward and upward for the American economy will be the straw that crashes the markets.

It's been frequently reported that a very large sum of corporate income is used to buyback company stock to inflate its nominal value, rather than being used to advance business enterprise with fixed asset investment, research and development, etc. – that which stock value is supposed to represent. Recent reports revealed that corporations have expanded their preferred business model by using the Fed's cheap credit to borrow for stock buybacks. By permitting this sleazy practice the government, AKA the executive committee of the capitalist class, has resulted in American businesses losing their competitive edge, particularly in technology, with capitalist rivals like China passing them by. Another potential problem is that borrowing for buybacks rather than something with intrinsic value leaves less that can be liquidated to cover debts should there be a major downturn.

The US economic war against Russia may soon lead to damaging blowback. First, real the US declared Russia guilty of some bad deeds (even though the US itself leads the world in such things) and decrees trade embargoes and orders all nations to obey or risk losing out on US trade. In response Russia now conducts almost half its foreign trade (\$687.5 annually) in euros rather than dollars -- 42% of its trade with the EU and about a third with China. It's still far from breaking the dollar, but that no longer seems impossible.

The Federal Reserve Board published an interesting report on America's wealth gap trend. At the end of the first Bush era about 60% of net wealth holdings were in the hands of the richest 10% -- 40% for the bottom 90%. At the end of Clinton's term the ratio was 62.5% to 37.5%. After Bush II the ratio expanded to 67.9% to 32.1%. No improvement under Obama -- 69.8% to 30.1%. After about the first half of Trump's term it's 70.1% to 29.9%. It at least shows that the American ruling class screws its own people almost as much as those in the rest of the world.

A couple of weeks ago China caused great consternation in the US by allowing the yuan to weaken past the 6 to 7 yuan to the dollar point. The first time it has crossed that point since it began trading abroad in 2010. A weakening yuan while the dollar is strengthening means better trade conditions for China. After a very bad Monday in the markets China reversed course and set the yuan at 6.9683 the following day. It also announced that it would sell \$4.3 billion of yuan based

securities beginning August 14 in order to buttress the currency. But so far that has not stemmed the creeping weakness. Today it closed at 7.09.

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