

The Catastrophists

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With the world capitalist economy showing ever increasing signs of a catastrophic fall, we naturally have numerous financial commentators repetitively predicting such an outcome at any moment, thus transforming themselves from specialists to soothsayers, and finally to Casandras because the longer the inevitable collapse is prolonged, the more difficult it becomes for them to be believed. What must never be forgotten is that we have a one-sided economy within a one-sided world in which those in power have free rein to do whatever it takes to defend their interests at the expense of those on the other side. That means they have a gigantic bag of tricks from which to draw upon, and our function is to merely watch the show.

Japan and the US illustrate the practice in its most obscene form. The universally praised practices of the Japanese PM has wrecked the standard of living for most of the people of that country. Today it was reported that the savings rate went into negative territory (- 1.3%) for the first time since such an economic category was created in 1955. Japan once had the highest saving rate of OECD countries. It peaked in 1975 at 23.1%. To be sure, an aging population is drawing down on its savings, but so is the rest of the population because of a massive decline in real earnings. That fell 4.3% in November year-to-year. The 17th month in a row of declining real earnings. Household spending declined 2.5% for the 8th month in a row. Nor can it be said there is any price pressure hampering consumption; Abe's ridiculous efforts to raise inflation by monetary inflation is also failing having dropped to a 14 month low.

These statistics would lead most reasonable people to think that the Japanese economy is in a horrible state; that a collapse must be moments away, but in fact the Japanese economy has performed beautifully -- for the capitalists. Corporate cash reserves have reached an all-time high of \$2 trillion. Speculators are rolling in dough and liberal icon Paul Krugman's only complaint is that they are not doing enough.

Meanwhile in the US the markets have hit new all-time highs during the week. One was triggered by a surprise boost in the 3rd quarter GDP from 3.9 to 5%. Two thirds of this "good news" was the result of the hugely wasteful increase in health costs thanks to Obamacare. Obama promised a public option when running for office which he then dropped once elected. A public healthcare system along the lines of Medicare is the cheapest and best way to provide such an essential service. But anything that prevents the parasitic section of our society from feeding at the public trough is verboten. Thus we have medically ignorant paper pushers raking in huge profits in the form of the private health insurance industry (and that includes so-called private non-profits -- merely an internalized rip-off operations -- speculators, look elsewhere.)

New home sales continue bouncing along the bottom -- 438,000 annualized for

November. First GDP numbers have been cut May through November by 22%. Thus the initial good report signals the speculators to buy while the behind-closed-doors true number can easily be ignored. The last good new home sales year was 1.4 million in 2005. It bottomed out at about 350,000 in the trough of the recession - thus the "bouncing along the bottom." Existing home sales were under 5 million annualized - last good year 7.2 million.

The Saturday weekend before Christmas sales were, based on multiple reports, weaker than last year -- joining Black Friday and Cyber Monday signaling weakness in retail sales. Slackening oil demand brought Brent down to \$59 and Texas to \$54 per barrel by week's end. Apparently those benefiting by lower gas prices have used the savings for paying bills rather than spending on fancier gifts. Krugman was surprised by the subdued holiday spirit that he witnessed -- Why the glumness when we should feel nothing but "Tidings of Comfort" this holiday season because of all the wonderful things our government has accomplished: Look how well the CDC did in handling the Ebola threat in this country (and don't bother to look at how well the US-led IMF did in creating the problem in Africa through its nation-wrecking policies); business investment has been very strong (in stock buy backs, not for capital goods); 5% growth in the third quarter! (see above); the equity markets have tripled since 2009 (a crime publicly confessed!); growth in jobs (of some sort, somewhere); and 10 million fewer folks without health insurance, because if they didn't allow themselves to be gouged by private health insurers they would be flogged by the Obama-state. Yes, it's been a wonderful year for the infinitesimal sector of the population that absorbed most of the benefits. Will the next year be as happy for them, or for us? Catastrophists, even you may be surprised.

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