

Could this be It, Again?

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The data, or 'metrics' as those who must embellish their discoveries to advance the value of both subject and object, points to the possibility of an economic crisis as serious as that of 2008 but without the nuisance of identifying grouped letters like MBS and CDO. The problem of those old days derived from an endemic quality of capitalism: It is a market economy designed to insure that the bulk of the exchange value of its products fall into the hands of the owners of means of production (capitalists) for sale while allowing as little as possible to be deposited in the hands of those that created them (working class). Thus the many ways to extend purchasing power by forms of credit -- like the cards, mortgages and other types of loans -- and then when that debt became so vast as to be impossible to redeem, to package them into larger complex securities in order to buy time until there is another 'solution' or another collapse -- the latter seems to be far more likely than the former.

But what we, and likely much of the world, are entering into is, to use the English expression a right 'Cock-up' -- please expunge any vulgar meaning from your mind, it is merely derived from an old Scottish rhyme "Cock up your beaver", and if knowing the origin didn't expunge prurient thoughts from your mind, then its innocent meaning to stick a feather in your hat, should suffice. Or, revert to screw-up

The bond market has been a leading indicator of what is to come. It has never accepted the official line that we now have a robust economy. This week yields of 7 and 10 year treasuries were identical - last time that happened was 2007 - and the difference between 5's and 10's was 7 basis points -- very close to the 6 of 2007. The meaning of this, without actually providing a meaning, is that such a flattening of yield curves is never a good thing, and it has nothing to do with current uproar of inflation being as high as it was 40 years ago.

The media has regularly noted supply issues causing sudden higher cost of goods. The solution for that is obviously to get the good moving which will at least reveal the real underlying problem – that the entire real economy needs needs a refit. But we live in such stupid times that political expediency rules, thus the inflation is identified as if it was a monetary issue, and therefore proof that the market super boom really did reflect a 'robust' economic recovery. And so the Fed is now set to alter the low interest rates policy next month by pulling the plug on some of its financial stimulus. That means that the US, the world's biggest capitalist economy will take some of the air out of its over heated economy, while China, the world's second capitalist economy, just lowered rates to assist its faltering economy. One capitalist world. The two largest capitalist economies. Both with opposing readings of what ails their system.

Our supposedly sound economy had the worse trade deficit ever in 2021. The value of imports exceeded exports by \$859 billion – 27% more than 2020. If it weren't for the dollar being the unofficial means of world trade, the American economy would be in the toilet and the US would have to revert to its second (or most?) important asset – the ability to scare the shit out of the rest of the world by displaying its overwhelming military power positioned at home and in 750 bases around the world.

Ukraine may be it. The saber rattling from Washington had been so hysterical that even the president of Ukraine sent word to cool it. We are living in a world system fit for the dark ages. If we allow it to exist as it is, it will decay to its natural state.

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