

Debt Spiked Recovery

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Total student debt is now \$1.4 trillion, second to the \$9 trillion mortgage debt in total household debt. Student debt has increased 176% in the past ten years. During those years tuition has increased 63% (triple the CPI over the same period) along with student housing, books, etc. The average annual income of a new college grad is \$50,000. That normally would mean that in a few year they would be in a position to set up a household, that is, if the new grad wasn't saddled with an average student debt of \$33,000 that now had to be paid off.

Expansion in the housing industry has been the major driver of the last two growth periods (passing over the dot.com joke). But following the last bust new housing has barely edged off the bottom despite a 30 million increase in population. Among the factors is an unwillingness of many to buy or sell during shaky financial times. Another is the extremely slow wage growth despite full employment and a 'robust' economy. Clearly lack of means for those full fledged adults starting out on their own must be factored in as a cause.

Unlike the rest of us, the capitalist doesn't just live in a society but also controls it. They can get whatever they want: huge incomes thru subverting the well-being of the human race; generous tax cuts for whenever they need a little spare change; and plenty of spare time to enjoy the benefits of their wealth since their presence as a chief of an enterprise is as symbolic as royal privilege. But in doing these things aren't they undermining their own system? Many people would say: If they were just a bit less greedy they could strengthen their system and have fewer worries about another surprise collapse.

But regarding capitalists as greedy persons is unfair. It's like blaming a blind person for being blind as if they had a choice in the matter. Maximizing profits (and that includes gaining sufficient market share before going all out) is capitalism's reason for existence. That is its mission in life. It's a kind of social dementia in which the victim, the capitalist, thinks he would cease to exist if deprived of his unceasing aggrandizement of wealth milieu. As for the rest of humanity, most find it impossible to do anything but secure their own personal existence and of those close to them. One class wants it all while the other just hopes to hold onto enough to keep from falling into oblivion. The only hope for humanity is that the conflict between the two erupts into a revolutionary upsurge.

The US has a Committee on Foreign Investment in the United States. It's task is to monitor foreign investments and stop those that will shift critical American business enterprises into foreign hands. This week Trump signed legislation expanding its scope. His rants that foreign powers (China) are stealing American brainpower as it becomes manifest in high tech products comes across as seriously gauche compared to the norms of civilized diplomatic discourse. That Presidential noise is serving as a cover for other nations pursuing a similar policy without seeming so small-minded and anti-China. The most recent major rejections in the US have been of Ant Financials bid for MoneyGram International and Broadcomm attempt to buy Qualcomm. Recently Germany blocked the purchase

of Leifeld Metal Spinning after much domestic criticism for selling China a robotics company a few years back.

It's clear that Chinese purchases of advanced foreign manufacturing assets peaked in 2016 and is slowing worldwide with very little at all approved by the US this year. The joyride is over for China. Foreign capital was very pleased with the high profitability of using China as cheap manufacturer for the world market. The Great Slump and the current unrelenting weak depression has taken the shine off those experiences. China has crossed the threshold toward becoming a fully formed capitalist state. There is no turning back. Thus there are no foreign concerns about the return of 'communism.' China is now viewed as a menacing competitor in a tight world market and therefore must be reined in if at all possible.

But it's too late to stop China. The blind goal of maximizing capital thrust into China's hands all that is required to make them the world's leading industrial power. Trade wars and tariffs can do no more than slowdown the seemingly inevitable. That qualifier is necessary because now that it has chosen capitalism, it is subject to its unpredictable and irrational crises. The threat to its continuing existence will ultimately not come from abroad but from within China.

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