

## **Depression: Ten Years and Counting**

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September 15, 2008 Lehman Brothers filed for bankruptcy, to be almost immediately followed by the seizing up of many large financial institutions, most notably AIG.

The Fed had bailed out Bear Stearns in March, and two days after Lehman it started pumping billions into AIG. Why not do the same for Lehman's? Many mistakenly regard that as the cause of the crash.

The official story is that unlike Bear Stearns, AIG, and many others endangered companies, Lehman lacked sufficient collateral for the massive loan required to maintain its functioning existence. Others think that Paulson, Bush's Treasury chief and former Goldman Sachs boss, having already saved Bear Stearns with billions of public funds, did not want to be known as the Bailout King.

It wasn't only the financial system that had ground to a halt, the political mud slinging of the two presidential candidates was placed on hold so that McCain and Obama could walk arm in arm to the White House and plead with Bush for what became the \$700 billion Troubled Asset Relief Program, a bailout gift from the taxpayers to troubled billionaire financiers.

On September 18 Paulson and Bernanke went to Congress and made the same pitch: come up with the dough or watch the finance system collapse. That \$700 billion was a drop in the bucket. A federal audit determined that the Federal Reserve provided \$16 trillion worth of support but researchers at the University of Missouri found that it was over \$29 trillion, almost twice the annual US GDP.

The economy is now said to be about recovered, or fully recovered, or even booming. It all depends on the intermixing of the belief that because stock markets are flourishing (which is true) the real economy must be doing the same (which is a lie).

This has led to a serious worldwide conflict between the blustering up good times reporting of the mainstream media and the broad majority of the population that finds hard times bad enough without having the mouthpieces of a dying system telling them that all is now well.

Trump, Brexit, and a number of elections mainly in Europe have conclusively shown that there has been no recovery except for those few that have increased the misery of the rest of humanity.

A May 2018 Federal Reserve report states that 80% of Americans live paycheck to paycheck. That 40% haven't funds enough to cover a \$400 emergency. And 20% are unable to pay their monthly bills in full. Household debt is now at \$13.2 trillion – an all time high.

In science when new fields open up there is often much trial and error before solid useful achievements become fully integrated as part of our social system. Some sad cases think it possible to do the same with capitalism; that instead of repeatedly wrecking lives during the course of a normal lifespan it can somehow be converted to long term stable growth instead of what is now short, if not fictitious, booms, to prolonged miserable busts.

Capitalism is a structurally irrational system without the capacity to make sense for any prolonged period. Capital must seek to make more capital and if some strong force were to somehow constrict the process to well defined limited courses, the system would just up and die. The choice is either to accept it as it is, or to reject it as a system unfit to maintain human life.

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Strange economic doings in China. The country famed for being the manufacturer for the world has had a remarkably fixed rate for industrial production. For 49 months its been 8% or less, the lowest rate since it began the drive toward full capitalism. 42 of those 49 months have hovered just around 6%. That would seem to be an impossibility in a recovering world economy. As for the nation's attempt at a rebalancing, creating a strong domestic market, retail sales grew for a time above 10% but now have fallen below that figure because the huge state expense of creating a major retail economy has dangerously expanded China's already bloated national debt. If China is unable to do one or the other, what will become of the rest of the world?

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