

## **Dilemma Discussed**

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The start of the Great Slump has been given the precise date of August 9<sup>th</sup>, 2007 when BNP Paribas announced that it was shutting down three hedge funds specializing in US mortgage debt. But the really exciting stuff occurred in 2008-2009, Lehman Brothers collapsing, etc. At the ten year anniversary it's instructional to look back and analyse what global capitalism asserts to have been its resolution of the crisis.

The initial obstacle is the problematic: In formulating the slump as a legitimate subject for a rational solution a line of argument as been set that cannot possibly resolve the issue. The economy is more like a self-activating machine that can at most be patched up when it breaks down. It can't actually be fixed and it certainly cannot be replaced with a brand new copy of itself.

Regulators were thus faced with a dilemma: Do nothing and allow investment companies and individuals to face the consequences of their losing gamble. The risk was known. The investment failed. Now comes the cleansing process in which debt it wiped out and only sound enterprises remain. But that really wasn't an option because the financial economy now dominates the whole economy. The central banks invoked enhanced versions of traditional policy. Lowered interest rates and bought up their own and corporate securities. The latter didn't mean flooding economies with cash. Both practices were the equivalent of expanding cheap credit which was used for mergers and acquisitions, stock buybacks and larger dividends – all of which caused stock exchanges to reach new heights and greatly enriching just the sector of the ruling class whose rampant greed caused the crisis.

The trickle down effect derived from other people getting disgustingly rich stabilized the economy so that it merely bumped along near the bottom rather than continue to decline. What created the illusion of recovery was the massive widespread reporting of fake financial data. Fake in the sense that the underlying method of gathering data for the reports is garbage – establishment survey, unemployment, PMI, FRBs reporting industrial activity, etc.

The proof of the pudding is in the eating and in many countries the disgruntled masses have been pissing on rather than eating what is being fed to them. Thus – Trump in the US, Brexit and Conservative party loss in UK, the disappearance of all the usual parties in France, the worst electoral defeats for both the CDU and SPD since elections were reestablished in postwar W. Germany, electoral defeat in Italy – a country that has been unable to even fake a recovery, endless financial

crisis in Greece that is steadily impoverishing all but the rulers, and the return of a quasi-fascist government in Austria.

So that's where things stand. In the US the ruling elite has lowered its pretense of concern. They are now confident they can get away with anything. Mass disgust led to Trump. Trump led to tax cuts for the rich and corporations. From the standpoint of the rulers the masses are manifest losers that pose them no threat. It's onward and upward for them and downward to the abyss for the rest. Unless reality comes knocking.

December new jobs were reported today. ADP reported 250,000. The consensus was 190,000. The actual number – 148,000. Would the markets react appropriately to the negative news. Not at all. The Dow was up 220, and others up significantly. The Wall Street Journal had a headline about the wonderful jobs figure for 2017. Well, it actually was a bit lower than 2016, and the economy was near recession in 2015-2016. Jobs figures were much higher in 2014. The economy went slightly awry when the last of the Fed security purchases was applied in October of that year. The Journal also helpfully informed its readers that retail jobs really aren't that bad.

Perhaps the new admission policy of the Metropolitan Museum will wake up Journal editors as to real conditions. For many years the policy was a suggested sum although \$25 was what they really wanted to receive. Well now the suggested is mandatory except for NY State residents. Thirteen years ago 63% freely paid the full sum. Now it's only 17%. Perhaps this says more about the real state of the economy than all the fake data and interpretations coming from the professional liar class.

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Middle class parents in China have taken to Western ways of destroying their children's childhood. An article in the South China Morning Post described the life of a five year girl who has the misfortune of being parented by a 'Tiger' Mom and Dad. Besides kindergarten she ice skates, is learning music and painting, and engages in chats to improve her American accented English. In addition to those uplifting activities she will now begin STEM courses (Science, Technology, Engineering, Math). The first one is coding. That way she will be able to interact freely in the robotic world of her adult years, although having 'Tiger' parents will have already conditioned her to a life with automatons.

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