

World Economy Running on the Absurd

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Yes, that economy was on, is on, or will be on, a solid growth trajectory. Modern capitalism is a highly integrated world economy. If the system contracts a major illness, the peoples of the world consigned to live under its rule suffer the consequences while their respective ruling classes fight for the last ham on the table.

What can be stated with certainty is that in Europe the major economies: UK, Germany, France and Italy are in decline. This is generally acknowledged as is that the BRIC nations, Brazil, Russia, India and China are following the trend. Japan's economy is in permanent stagnation but with a declining population its per capital GDP growth is almost twice that of the US (1.4% to 0.8%) But still the World's Great Pretender claims to have somehow risen above the fate of the rest of the world.

The US has two powerful forces working for its benefit. One relates to the economy; that the dollar is still the main means of exchange for world trade. The other is that it retains a menacing military presence in every corner of the world. But as for the home economy, only the credit driven bubble markets cast an artificial glow of prosperity.

Trade wars flourish in a sick world economy. The first step is to attempt a unified solution for a slump. The inherent weakness in finding a generally accepted agreement is that there is no honor among a class of thieves. Thus the weakest will pay the prices. And a great surprise to many is that China, being a newbie in the capitalist sphere, has accepted a public whipping by the American master.

Before its abject surrender in the trade war fight it had to close its eyes to two public insults: Congressional legislation signed by Trump that condemned China's efforts to halt the destruction of Hong Kong's infrastructure by a gang of juvenile delinquents; and sanctions imposed because of the way it punished those participants in the Uighur uprising.

The main US complaint was the relative import imbalance; but since the US is by far the greater importer it had \$550 billion worth of imports to attach tariffs to while China only had \$185 billion. China must now increase its imports by \$100 billion in each of the next two years; a 77% increase over the \$130 billion imported in 2017. It also must import \$40 to \$50 billion in American agricultural produce in those two years even though it currently is importing less than \$10 billion and the all time high is \$29 billion. The only US concession is the cancellation of planned new tariffs and a cut in \$120 billion worth of imports. Nothing about the technology sanctions, and when China said there was an oral agreement to phase out all tariffs in future, the US adamantly denied that.

Such are the indignities a nation must endure when it decides that in order to modernize its economy it must transfer control to a powerful but dying capitalist system. Had China been a Marxist communist nation it could have led a world revolution, instead, as a sinking capitalist nation, it may lead the devolution of that system.

Economic Info

If any capitalist nation claims to be thriving when the rest of the capitalist world is not, it is a virtual certainty they are lying.

The UK economy is in a very serious and acknowledged funk. It must have a high unemployment rate. Actually, no, its latest reading is 3.8%, almost exactly the same as the US. But the UK does have a higher labor force participation rate 76% to 63%, the highest since they created this data detail in 1971. They also have what is known as zero-hour contracts. A person with such a contract has no minimum set for number of hours per week – thus the ‘zero.’ And just like the US one single hour worked per week is counted as being employed. 1.8 million workers are saddled with those.

Like the US a huge proportion of the workforce is in the gig economy. There has been a 42% increase in involuntary part-time work. During the ‘recovery’ from the slump only 1 in 40 jobs was permanent full-time employment. And about half of the self-employed over 25 earn less than the minimum wage. There the UK shows a difference – It’s virtually impossible for any American worker to earn less than the most miserably low official American minimum wage. Even a boss can have a shame threshold.

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