

Exemplary Fiascoes

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Example one: Recent reports indicate that the long awaited assault on Mosul and ISIS by a combined force of US, European, Kurdish, Iranian and, oh, by the way, some actual Iraqis, is about to be undertaken. Mosul will bring the reconquista of Iraq closer to completion following a *string of victories* after the flash defeat of the vast forces of the puppet regime two years ago by a small band of ISIS fanatics. Forget about the *mission accomplished* declaration 13 years ago. Clearly the dictatorial control of information can make disasters seem not so bad and even great long run successes. Each setback merely promises and ever sweeter final victory.

Example 2: Former CIA officer Melvin Beck writes in *Secret Contenders* how he fulfilled his assignment to locate where the Soviets will establish their new embassy in 1960 Cuba so that *The Company* can bug it before they move in. Through his agents Beck determines that the embassy will be in the upper floors of a hotel. In order to install a radio in the penthouse area where he assumes the ambassador will be staying he creates a diversion in hotel nearest the elevators – the diversion being a wild party of young embassy staffers. After the party is well underway the two technicians brought over from the states join it carrying their gear and plaster (the ceiling must be repaired) as gifts. Before very long a Cuban agent, checking the area to be entered and bugged, determines all is clear, brings down the elevator and the technicians go up and do their job. A few days later the bug is checked and they can hear the conversation of cleaners in the penthouse. Now to wait until the Soviets actually move in. Then one fine morning there is a knock on the door of the home in a Havana suburb where Beck is living, and a Cuban electrician asks if his home is the new Soviet embassy because he was sent to do some electrical work. Beck checks out the address the electrician shows him and sees that it's an abandoned mansion next door. After sending the electrician away he races back to the embassy and sends an urgent message to headquarters: ***Know for certain repeat for certain where the Soviet embassy to be located.*** A total screw up turned into another great American mission accomplished: a complex and wasteful red herring still left open the possibility of serendipitous success – and not to be spoiled by the thought that the electrician did not knock on his door by mistake.

Total control means that very few are likely to know what really happened or is happening. The key to mass ignorance is to distort, or avoid altogether, an accurate historical account. For many years after 1966 US annual GDP growth was in double digits. After 1983 there was none. Growth in the one bad year after the dot com bust was 2.19%. From 2003-2006 the slack was made up by over 6% growth annually. The two bad years of the Great Recession, 2008-2009, annual growth was less than one percent. An actual recovery from two years of essentially no growth would require massive growth to fill in the two year gap. But the highest since then was a mere 4.56% in 2010. It lingered a bit below that figure for several years, then began a descent. 3.00% in 2015. The IMF now projects 1.58% growth for this calendar year – the estimate was 2.84% at the

beginning. Clearly we have nothing that can honestly be called a recovery yet Bernanke declared just that in 2008 before the Great Recession even hit bottom. Any sign of life is an economic recovery. What we have is a bit of example one – a disaster followed by a constant of official hopefulness mediated by popular malaise – and also a touch of example two – and elaborate solution (the Fed) that is a proven failure combined with official stalling in hopes that something magical will happen so that official ineptitude will never have to be acknowledged.

So what is the problem? Even the mainstream media is trying to find an answer because they know they can't keep BS-ing the public indefinitely. The lead up to the presidential election clearly shows signs of a nasty future. Yellen often refers to *headwinds* abroad disrupting the American economy, well such headwinds are already disrupting the American political economy. Probably the most popular answer/excuse is that baby boomers are retiring, but the current trend took hold in the 1970's when they were in their 30's. The cause in my estimation is rooted in what is considered maximum efficiency in a capitalist market economy. It does not mean its goal is to provide the populace with useful goods and services in the most economical way possible. In fact it means the most efficient way to maximize profits. Thus the chasing around the world to locate the cheapest labor for production of goods, or the making production a sideline while profiting from easy money stock buybacks, currency exchange rates, etc. A huge number of good paying industrial jobs have vanished. Now it's secondary service jobs (many of which rely on government funding), ex-economy under the table work, or reliance on transfer payments – and then there is the tried and true custom of jumping off the grid altogether. During the depression hobos rode the rails more as a way to live independently and socialize with their own kind since a job and a settle life were impossible. The rails were the means of a social network. Modern times have made the network electronic – a very dull replacement. The day when you needed a boss even if you hated him is fast becoming a thing of the past. An increase in efficiency in an enterprise, barring an increase in demand, would normally lead to a reduction in that concerns' labor force. The same should be applied to capitalism as a whole. The world's stock of excess capitalists has reached the point that the rest of the world can no longer survive while at the same time keeping them fat and happy.

The British vote to exist the EU has had such a traumatic effect on the economy that the FTSE 100 rose to 7074 – just 29 points below its all time high. Besides the usual reasons, the promise of retained or renewed state stimulus, the decline of the pound to \$1.24 (lowest in 31 years) meant that the many foreign firms listed on the exchange experienced a surge in profits because their currencies gained value in terms of the weakened pound. Reasons for sudden drop in the pound were first said to be caused by algorithmic activity, which must be caused by something. That might be the government evidently giving up on doing something to cancel Brexit, but only a fool would think that very likely. Jeffrey Snider presents an interesting possibility – the week-long Chinese holiday. China has been dispensing considerable sums of dollars to keep the yuan pegged at a desire level. With markets and such taking a break, the dollar spigot was shut. In short, part of the prevailing liquidity crisis.

The IMF warned the world that its total debt now exceeded \$152 trillion. That's twice the size of the world economy.

September jobs came in at a below expectations 156,000. That's the third monthly decline in a row. Monthly average for the year is 180,000. It was 229,000 over the same period last year.

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