

The Fed Cries Uncle

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Only last month Fed head Powell was still exercising his lungs with booming bullshit about an overheated economy and the danger of runaway inflation. At that time the Fed was 'a long way from neutral' in reaching a balance between growth and inflation. But then, just a few weeks later, he discovered the balance was 'just below' that magical neutral level. The announcement performed just as intended; a one day boom that brought most of the indices back into positive territory.

General Motors unintentionally did its bit on Monday when it announced that it was closing (not idling) five North American plants and eliminating 14,000 workers from its rolls because of slumping auto sales. World capitalism is teetering at the edge of another economic slump which is especially worrisome given the prevailing political fade from inertia to collapse. The one shiny light that was used to blind the public into believing glowing lies about the economy had lost all its 2018 gains and was threatening to become a full blown bear, something already achieved in the world's second largest economy.

It's almost laughable that the Fed believes that the levers it pulls are attached to anything. The main driver of inflation is the price of oil. It was \$80 a barrel a few months ago and now it's down to about \$50, and sure enough, as the price declined inflation growth weakened. But there are other important factors that impede inflation most notably the inability of consumers to afford to make purchases. Thus the weaker retail sales this Black Friday. Nine million fewer shoppers with the purchasing average falling from \$335 to \$313.

The state of the economy is slouching towards its political compatriot. Enjoy the \$1.5 trillion tax cut and spending gift before the last trace of euphoria subsides.

Recently Bloomberg has published a series of entertaining articles on how the dregs of legal capitalism can manage to enrich themselves. The folks involved are not nearly as colorful (and certainly not as honorable) as the illegal mob but they will do for those who enjoy *Wolf of Wall Street* type drama.

Capitalism is a system of exploitation which means that 'theft' re-defined is perfectly legal, but that does not mean the act can be performed in any manner the perpetrator chooses. Loansharking and extortion can only be done according to the law and NYC and State, to no surprise, provides the perfect grounds for a particular type of legalized theft.

The 2008 crash did a lot of damage to banks and forced the authorities to place them on watch. That made it more difficult for firms, especially smaller ones, to obtain loans. Thus we have private lending done legally. All one needs is a decent

amount of spare cash and some basic know-how. Incorporate yourself as the Happy Lending Company. Do some advertising and find small legitimate companies in desperate need of a loan. Firstly, **it is not a loan!** That would make you a criminal. What you are offering is a cash advance. That is similar to the perfectly legal factoring system which is securing a loan based on accounts receivables, but in your case it's based on a promise of future cash received by your customer/victim. Once you know they have money in the bank you make the transaction. Bloomberg cited an example: a \$23,000 cash advance to be paid back with \$45,000 in nine weeks. That's 800% interest annualized -- more than enough to embarrass a real loanshark.

But before you completed the deal you've made your poor victim sign a Confession of Judgment as part of their applications. That means that should they default on the cash advance they've already plead guilty when you take legal action to obtain the loot. Make sure that the pigeon has his money in a branch in NY which, being the financial capital of the country, has a branch of every significant size bank in the country. Then you simply get a town or city clerk to fulfill (for a fee) their legal obligation by providing proof of debt and the confession. They will then stamp some official papers, and the bank empties the accounts of your client and sends it to your firm.

A shorter cut is to eliminate the company formation nuisance and get yourself named a New York City marshal. Unlike Marshal Dillon you won't be protecting the law abiding but rather victimizing them. Bloomberg had a feature on NYC's highest paid city employee, one Vadim Barbarovich. He is one of the city's 35 city marshals. He left a \$70,000 a year job to take the unpaid city job, but unlike other marshals who are happy with small fees to evict tenants unable to pay their rent, Vadim does the dirty collecting job for the cash advance mob at a cool 5% of the take. Last year he earned \$1.7 million; that's about five times more than the city's second highest paid employee, the small time thief who manages the pension fund.

The activities of the marshal debt service, something brought over by the Dutch in the 17th century, that many majors have refused to appoint them even while the state continues to refuse to terminate the ancient custom. But along came a mayor who saw nothing wrong with the service and appointed 19. Who could that possibly be but Mayor Bloomberg? So when you watch films or TV depicting government authorities going after financial criminals don't be fooled into believing they are your side. They are simply dealing with their competitors.

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