

The Folly of Fiscal Frippery

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In Rousseau's *Emile* the tutor assigned Defoe's *Robinson Crusoe* as his pupil's first reading, that way his uncontaminated mind would know what is really required for a person to survive and even thrive under real conditions. Had he learned from imbibing the cultural artifacts of those who seemed to be living the perfect life he would likely devote himself to becoming an idle parasite rather than a productive person not requiring the backs of others to bring to them all that they need. Even worse – he would lose the capacity to reason because that requires being able to determine the true from the false – an impossibility for the parasitic class whose existence is founded upon a lie. That seems to have brought our world masters, who are striving to bring the depression to a close, to the point of no return. They have distanced themselves so far from the real world, the real economy, the truth, that they have become untethered and unable to find their way home.

Jeffrey Snider of Alhambra Investments ended the year with two essays featuring *Dr. StrangeYellen*. Since I gave up religion I've been unable to concentrate on such mystical material, but at least the eurodollar is not dead, in fact, it's taken over the world. The gist of it is that the eurodollar can be any currency or money-denominated security that is unregulated and traded by speculators "as a future indication of money conditions as seen from present conditions." The reason that the world capitalist economy is in a more or less steady state depression from which central bankers have failed extricate it is because the monster they have set free is more than a match for all their QE's, ZIRPs and NIRPs. The bankers and economists regularly declare that the economy surely this time is finally on a solid growth path, and the eurodollar quietly and steadfastly replies -- *we don't believe it*.

Another popular strain of Eco-babble that Snider loves to bash is the idiotic notion of rational expectations. That anyone with any sense would attach the notion of *rational* to the workings of a capitalist system is difficult to accept, let alone that a fellow named Lucas actually won a Nobel for concocting the theory which Snider defines as "a mathematical solution to a problem of infinities." It only works if everyone can be trained to reason like the people who invented it. If that should happen our worries will be over because the world will certainly stop working.

So here is where we are now. In 2008-2009 the world economy suffered a near death experience. The world bankers got together and initiated a mighty effort to revive their system to its vigorous youth. Instead they only managed to preserve a

living state of locked-in coma. Many cannot understand why a massive effort to stimulate the real economy is not undertaken. Wouldn't much needed infrastructure and many other improvements mean good jobs, good pay, increased consumer spending and increased profit all around? Yes, but that's only the real economy, where everyone works and lives. The primary is now secondary. Much has been said and written about technology displacing the workforce, but it also has the same effect on real economy capitalists. Unlike no longer needed workers who are thrown onto the scrap heap of humanity capitalists are privileged, they ascend into the ethereal and infinite world of money and finance where they live forever while the real world dies. Unfortunately for them it appears that those real world lives will not go quietly, and their efforts to return conditions to a state of normality sufficient to insure their continued existence is failing because they refuse to sacrifice enough of themselves in order to refloat the swamped vessel of the real economy.

Amazing things are happening in the UK. The FTSE keep setting new highs -- ending the week at 7210. Economists are being roundly condemned for predicting catastrophe after Brexit. Isn't the economy thriving? Actually, it is not. The Brits follow the same scheme as their American friends -- if things aren't getting worse, then they must be in a state of robust growth. Yet anyone with a trace of sense has to accept that wrecking trade relations with most of one's neighbors has to have a bad effect on an economy. Jean-Claude Piris, head of the EU's Council of Legal Services from 1988-2010 says that the UK is facing an economic "catastrophe" because it only has the allotted two years to negotiate individual trade deals with EU members when they would need at least ten years. Failure means the application of WTO regulations for trade between their former EU partners.

The EU was pleased with the vast inflation increase -- from near nothing to 1.1%. But it was almost all due to increased energy costs which was not due to any increase in actual demand. Rather it was the result of something close to price fixing.

US December jobs came in at 156,000, just about 50,000 fewer than in November.

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