

Greece Punts – Europe Gasps

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After a stream of promises to make their first of a critical batch of payments this Friday, Greece said, F- - k It, we'll pay the whole lot at the end of the month. Strictly speaking, it is permissible to group scheduled debt payments to the end of the month in which they are due. Apparently it's only been done once, by Zambia in the 80's. The sticking point is that Eurozone chieftains want to skin the Greek populace alive with further pension cuts, VAT increases, public service cuts and privatization. The SYRIZA bunch displayed a willingness for a moderate cave-in, but this aggressive slap in their faces would be a knockout of them if they took it home. It seems so obvious that Europe must do something to avoid making the already harsh living conditions for most Greeks so much worse, that we have to wonder whether fear of a Eurozone compromise triggering something worse than the destruction of Greece has some basis to it. Bond yields are rising as speculators cash in rather than hope that Draghi will be able to absorb enough of them to keep their value stable. The IMF's Lagarde has asked the Fed to consider holding off a rate increase until 2016 because that would further weaken bonds and the US slipping American economy. As for Greece, SYRIZA may hold a snap election for a display of popular support. Far more important is what the Greek working class will do. Will they passively stand by and leave all in the hands of the big shots, or will they do something like schedule a general strike for the 30th – not one of those marching strikes, but a takeover of industrial, governmental and other facilities – Take possession before all is repossessed.

The big news on Friday was the apparently strong jobs report. There were 280,000 new jobs reported, mostly of the garbage variety. Not real garbage/sanitation jobs – an important and typically high-paid union job. No, real jobs of the most important sort – manufacturing, mining, construction and energy amounted to only 6000 of the 280,000 – that's two percent. Employment in that sector is down 2.4 million (11% below pre-recession level). Average pay in this sector is \$47,000. 57,000 of the jobs went to the leisure and hospitality sector – average pay \$16,000. 43% of all net new jobs have been in this sector during the recovery. That's 1.6 million out of the total 3.7 million new jobs reported. Another 51,000 went to the retail and temp services sector – pay around \$25,000. 110,000 of the job total were part time. 84,000 went to the health, education and social services sector. Note that the pay for this largest category (average \$34,000) is derived from the productive sector via taxes. It's clear that the weakness of the recovery is because of the shallowness of the workforce that is supposed to drive it.

Free market capitalism Elon Musk style. Tesla, Solar City Corp. and Space Technologies (SpaceX) have received \$4.9 billion in involuntary taxpayer support. Only Tesla and Solar City are public companies. They are far from profitable but are booming on the equities markets, thus Musk will do well regardless whether his companies survive or not. That “free” when related to capitalism has nothing to do with liberty, other than the taking of it by the ruling class.

Manufacturing makes up 12% of the GDP. Factory orders were -6.5% year to year not fudged with seasonal adjustment. That's 4 months in a row of -4% or more. Meanwhile the markets have been grooving on worthless, but robust, ISM reports. November 2014 factory orders were -2.2%. The ISM gave it a whopping 66 number. Do recall that the ISM provides no data, or even numbers. It's just a "better, the same, or worse." And from that they concoct a number to give such rubbish some heft.

A construction report had it rising 2.2% in April. The markets loved it. Scrubbed of filth, it was more like a +1.5% year to year. Month to month it was actually *down* 0.3%.

According to State Budget Solutions, state and local pensions are unfunded to the tune of \$4.7 trillion.

52.2 million Americans (about 21%) receive some form of government assistance per month.

There were a record \$141 billion in stock buybacks and \$243 billion on Mergers and acquisitions in the first quarter.

Real net investment was \$337 billion in 2013. That's 36% below the year prior to the Great Recession (\$525 billion).

The UK is cutting its welfare expenditure to the lowest amount since 1990. Austerity measures are said to build confidence in a shakey economy. What could be more encouraging for capitalist speculators than to have their poorest victims sacrificed on the altar of their greed?

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