SYRIZA: Why the Referendum?

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Nothing worse than being ruled by a gang of traitorous jerks in times of crisis. The SYRIZA regime came to power based on a particular program to deal with the debt crisis. Voters wanted nothing more to do with slavish sell-outs of New Democracy and PASOK. Tsipras and Co. went to Brussels to negotiate an agreement which led to reneging on virtually all of his electoral promises. Still the troika refused any settlement that didn't worsen the pain and suffering of the working class and the poor. Finally, as the deadline neared SYRIZA trudged its way home leaving them in third place after New Democracy and PASOK when it came to kissing the ass of EU and IMF financial chiefs. Didn't these supposedly leftist (and even Marxist!) over confident beggars prepare emergency measures should their likely to fail demands be rejected? Obviously not. Now they have called for a face-saving referendum. Vote yes if you approve of EU and IMF conditions or vote no – for what? The clear implication is that a no vote is signifies approval of the SYRIZA proposal. That is – a total abnegation of what got SYRIZA elected – it's offer meets 90% of the troika demands. The Communist Party of Greece tried to have the rejection of both plans on the ballot. Failing that their members and supporters will drop a slip stating that rejection in the ballot boxes. No communist or anyone that can be classified a leftist (let along a Marxist) would vote yes or no in this phony election. Tsipras and the rest would probably be pleased to lose the ballot so they could resign and pretend to have fought the good fight. But this class war is just beginning. It's clear that EU and IMF are pushing things to such extremes because they are afraid that the entire house of cards will fold if they don't continue to prove to the business community that they can still lead the masses by the nose. They can still get Greece, Cyprus (and for the IMF – Ukraine), and the rest when they come online, to carry a burdensome debt into the distant future when the magical recovery will finally appear. But it's far more likely that the next collapse will come first. It's time for the working classes and the poor of the world to prepare for class war – It's either than or an endless life of degradation as failing world capitalism transforms itself into “democratic” police states.

The purchase by the Fed of newly issued bonds through the several Quantitative Easings came to a halt in October of last year. But that didn't end the Fed purchasing of US bonds. The Fed could release them as they mature and return some of the $4.2 trillion purchase price to the treasury. Imagine the problems that sum would solve – replenish all the Social Security fund the government has stolen for other purposes, restore food stamp cuts to record high numbers of people that require them, and so on, but the Fed is instead reissuing them as the come to term because there is nowhere near enough demand from private sources to prevent a drop in price and increase in yield. That would cause a financial tightening when concern is rising because of a weakening economy . $216 billion in securities will be ready for the market next year. Private investors are only $300 billon below their average total investment in US securities. Imagine them being called upon to soak up an additional $4 trillion. It's like the Fed issued $4.2 trillion of liquidity to create this gigantic bubble and now it has to keep blowing into the balloon in order to maintain the fiction of recovery.

With the Shanghai composite one point off of a bear market, the misnamed Peoples Bank of China cut interest rates to their lowest on record. I guess we can't except these “communists” to be quite so quick to join the capitalist parade.

Japanese industrial production was down 4% in May. GDP is expected to negative this quarter.

Black Rock, the world's largest money manager, wants SEC approval to shift money to risky funds from those that are more stable in case there is a mass redemption of bonds. This would be in addition to various credit lines it has established with banks. It's two largest funds manage $524 billion and $863 billion respectively. Approval would seem unfair in that those who chose safe conservative investments would be backing up those that hadn't.

Chinese Shanghai Consolidated is now officially in bear zone – but still up 29% from the beginning of the year.

Puerto Rico declared it's $72 billion debt “odious” and said it cannot pay it back.

Interesting analysis from Deutsche Bank of the – a consolidated earnings statement of S&P Companies from 1995-2015. In fiscal 2015 94% of Free Cash Flow was returned to shareholders. In 1995 it was 60%. No sense putting more of it into productive use when their fiduciary responsibility can more easily be fulfilled by simply placing cash directly into their hands without any making and selling of products in between.

The Export-Import Bank, founded in 1934 to subsidize trade with the USSR, has officially ceased to exist, at least until Congress resumes discussion of its restoration. In 2012 83% of its loan guarantees and other subsidies were to Boeing. From 2007-2013 $66.7 billion worth of backing went to Boeing, $8.3 billion to GE, $5.2 billion to Bechtel, $4.9 to Caterpillar. The bank insists they are not a slush fund for big business. They charge fees and claim to have made a profit of $1.66 billion since 2008. But experts say they are lying – AKA, engaging in creative accounting, and that they cost the taxpayer an average of $200 million a year. Banks would charge much more for similar services. The Ex-Im Bank did not keep that in mind when inventing its profit. The same was done by other federal agencies in the crisis aftermath – then later claiming profits when bailed out companies re-payed their debts with government gifted funds. The entire equity and security bubble was gifted by the Fed to corporations and speculators. The total cost to citizens will be determined after the scheme fails before recovering.

For what it's worth the manufacturing PMI fell last month to the lowest point since October 2013.

Ukraine and the IMF agreed to a basis for renegotiating its $19 billion debt. Reportedly creditors will accept a haircut – something denied to Greece.

Establishment Survey of June jobs came up short of estimates at 223,000, and about 25,000 jobs were cut from last month's report. Curiously, the report that more accurately reveals true conditions showed a drop of 56,000 jobs in June. There were 161,000 more part time jobs and a decline of 349,000 full time jobs. This appears to be backed up by a fall in the Labor Force Participation Rate to 62.6% the lowest since September 1977. I despise the word “trending” – but I will use it here. From Dec. 2007 1.4 million manufacturing jobs were lost, to be made up with 1.4 million waiters and bartenders. I see a trending toward meniality.

The numbers are in – the Shanghai Composite has cost ultra-greedy speculators $2.8 trillion in the past three weeks. The “communist” leadership is concerned that this will dishearten China's 90 million new private investors, i. e., the new capitalist middle class that “communist” rulers hope will insulate them from the wrath of the exploited Chinese working class. The government has promised harsh penalties for market manipulators.

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