

Happy Dead Future

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Of course the future will never disappear on Earth as long as there are humans to inhabit it, but the qualities that distinguish *we the people* from other life forms may deteriorate to such an extent that we appear to others as little more than crazed individuals rather than rational beings. There are no natural causes or cures for this phenomenon; it has a social origin and is initially manifested and propagated through the freakish behavior of the ruling class. Case in point: the markets had their best quarter since 1998 while the real economy had its worst quarter since the Great Depression.

Financially driven bubble economies have been with us continually since the 80's, and the media has had the unenviable job of convincing the general public that the financial sector was merely anticipating a strong real economy in the near future. Currently the ostensible big plus is the 'unexpected' high numbers of people returning to work. Where is the surprise? As states open up their economies, those with jobs return to work. But millions of other jobs weren't just on hold; they have disappeared because of bankruptcies and a sick economy.

Furthermore, the expected summer lull in the pandemic never appeared; the daily infection rate is higher now than ever, both in the world and the US. The Fed released a report on a stress test encompassing 33 of this country's largest banks. The aim is to determine what must be done to ensure their survival. Banks don't do well in market bubbles because there is less need for conventional real economy loans. US GDP is expected to 8.5% lower from its pre-recession peak. The Atlantic Fed's GDP Now analysis projects a 46.6% decline in the US economy in the second quarter alone. But the Fed says all will be fine if the unemployment rate is no worse than 10% and GDP decline is no more than 8.5%. If that holds true the 33 banks will only lose \$552 billion over 9 quarters. \$206 billion of those losses have been assigned to just 4 Wall Street banks. Some of the other 29 will have to run on fumes.

The Fed has shot its wad in support of the fake economy. Near zero interest rates; it will buy government bonds and private liabilities from both banks and the market without limit; it will provide loans to private corporations not just for productive purposes, but also to pay

off debts. Central banks around the world are following the same policy as the Fed. Because of the 'eurodollar' (dollar denominated securities that are the international standard for trade), much of what the Fed does directly impinges upon the world economy.

In sum, we have a pandemic that will probably be with us the two years experts predicted; a world aflame because of the goonish attacks and oppression of those most victimized by the system; and a real economy that will never recover until it collapses and replaced by one that is fit for the times.

China's Rapid Maturation

Observing a child learning and growing is a joy to behold, something not quite so fun-filled can be seen in China's consolidation of capitalist rule. To be sure, there has been new and positive development, but already much that is new and fresh are showing signs of corruption and the stench that emanates from it.

Nasdaq-listed jewelery maker Kingold obtained loans valued at \$2.8 billion from 14 Chinese financial institutions using 83 tons of gold as collateral. When it defaulted on a debt payment, one of its creditors decided to cash in some of the collateral as payment only to discover that the 'gold' was actually copper with a gold veneer.

So in Kingold, a company whose motto is *A Company with a Golden Future*, we have an example of advanced, though admittedly creative, corruption combined with the courage, or nerve, of its founder, a former military officer in the People's Liberation Army. Well done Jia Zhihong. You lost this skirmish, but like the PLA, you are on the long march to become a capitalist success.

China must take care to contain company corruption that poses an obstacle to obtaining foreign funding. Only three months ago the Nasdaq listed Luckin Coffee admitted a \$310 million accounting embellishment and has since refused to remove its chairman. NYSE listed TAL Education group recently confessed to embellishing its sales by hundreds of millions of dollars. The US Senate recently passed a bill requiring companies making initial public offerings to prove that they are not owned or controlled by foreign governments, and also to submit audits to a US oversight board. Thus, ever fewer Chinese firms will be under state control.