

Put on a Happy Face

11-20-15

There was some concern that the Paris massacre would be reflected in the world markets. It did -- they loved it, especially in the US. Nothing better for capitalism than to make money while sending a message: We are the good of the world saving its citizens from being enslaved by the bad of the world. Sure, we created this particular bad, therefore, we must be even worse. Perfect for the job -- just leave it to us.

Japan's GDP fell - 0.8% in the 3rd quarter to lead the country into its fourth recession since 2008.

According to Hwa Chuang Securities Co., this year Chinese firms are expected to borrow \$1.2 trillion just to serve interest payments on old debt. That is 45% of total new financing -- slightly less than last year's 50%, but that is due only to cheaper borrowing costs. September earnings of Chinese industrial firms shrank for the 4th consecutive month. Producer prices fell for the 44th consecutive month in October. Ponzi schemes are amazingly successful when the Ponzi effect is backed by all the forces of a state that is in theory duty bound to prevent such criminal actions.

Bloomberg published a silly article purporting to show how ISIS is able to finance its dastardly schemes. Primarily it's hundreds of millions from oil in captive areas sold on the world market. Also sold were a couple of hundred million dollars worth of stored Iraqi grain, and then there is taxation of residents within their boundaries. When atrocities like 9/11 or the recent Paris Massacre are found to be perpetrated by groups created by the nations that have subsequently become their victims, it's time to wave the Stars and Stripes and sing the Marseillaise in order to deflect any sight and sound that may by chance be carrying the truth. The poor devils assigned to write the Bloomberg trash must ignore the fact that ISIS/Qaeda have only occupied territory for a few years but have existed for decades; that their creators, the NATO imperialists, certainly have the capacity to close off any revenue from trade should they choose to do so; and that the continuing support in finance and personnel is coming from Saudi Arabia, Qatar, Kuwait, UAE, and any other imperialist created troglodyte nation in the Arabian Peninsula that I've forgotten to mention (save Iraq and Jordan - currently on extended external loan). Blustering away such self-evident truths does at least generate wonder if not courage among those humble citizens in Nato nations victimized by terrorists -- wonder at how they became such cowards -- too frightened to tell the emperor to put on some clothes and scam.

The *Put on a Happy Face* show led to the best market week of the year. All major indicators continue their inexorable decline while markets imbibe all sorts of mock cheer. Now that the Fed really has to raise rates in December or jeopardize even the plodding stagnation recovery they've manage to generate, it's all talk of how positive economic conditions must be that they can raise interest that lousy 0.25% -- they wouldn't do it unless they knew the economy was really

strengthening, and so on. Meanwhile, liquidity is barely keeping capitalism profitably afloat. Earnings Per Share for S&P 500 companies in the first quarter were approximately equally divided between the real and the imaginary (stock buybacks). In the second quarter reality was almost non-existent while make believe generated a decent looking balance sheet. But now in the third quarter reality went negative and the seemingly real was entirely imaginary -- all stock repurchases. Nike, one of the most insignificant companies in the world, yet one that occupies a place in the center of the financial world -- the DJIA - provided the major boost for today's market by announcing \$12 billion of stock buybacks (over 4 years), a 14% increase in dividend (probably with funds borrowed before the interest increase), and a stock split. Draghi did his bit for Europe by strongly implying increased ECB intervention when assembled for the December 3rd session. Probably an increase in monthly security purchases from 60 to 80 billion Euros, and possibly more de facto interest rate negation.

Things are going badly for Obamacare -- United Healthcare announced that it may pull out -- Aetna and Anthem may follow. Why? Because profits are lousy when you actually have to insure people with a fair chance of getting sick. Meanwhile, the uninsured are more than sick of being forced to become part of a for-profit health care operation. Only a

about 8 million of the 24 million eligible for subsidies have chosen to do so. Insurers say they are losing \$163 per customer. That means higher premiums, more government largesse to business, and higher penalties for refusal to be the medical interface in capitalist health profit making. Only a right wing fraud could have created this vile system of health extortion. Obama - the man who promised a public option when running for election. Obama - the man who dumped the option when it was clear that most everybody would chose the Medicare state over the private system. Yet, it's the idiocy of our times that an act to block the public's desire for socialized medical care is viewed by many to be socialism itself. First cure the mind and then the body will do fine.

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