

Yes, It Is – But, Really – No, It Isn't

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Things were developing along the lines of economic perfection. The sixteen days of government shutdown knocked down the 4th quarter GDP a few pegs; pending home sales in Sept. dropped the most in three years – the fourth month in a row; actual home sales also dropped; industrial production and the service economy continued to grow at a rate close to a fibrillating heart just after being shocked back into life – Anxious stability. All this means: more government largess for more months than expected. The Fed will continue to add to its \$1.4 trillion stockpile of mortgage backed bonds – bonds that they have just canceled their intention to sell because it would result in an unpopular huge loss – but bonds that will eventually be sold at loudly bragged “profit” even though they were purchased at face value when they were really worth zilch, and which they could have picked up for nothing in order to prevent defaults and when eventually redeemed, a real profit could be passed along to our seriously indebted government. Instead they have gifted its nominal value to the financial crooks that created the crisis.

But hold on! We certainly do not want this plethora of good news for the unreal economy to so frighten the real economy that it loses whatever sham impetus that the highly touted 'recovery' managed to engender. So how do they make it seem like the real economy is really doing well? There is always the slowly falling unemployment rate, but even the most unenlightened find that suspect. They know that the standard reported rate is falling mainly because more workers are being pushed into the 'discouraged' category, and that even the U-6 rate is falling because workers are now being pushed beyond mere, discouragement. This shows up in the labor force being at its lowest percentage of total population since 1978. They can also isolate particular areas of manufacturing – like car sales are high; or, look at all the iPads! (made elsewhere). Or reporting that such-and-such has had its best month or quarter in two, three or even five years (hoping that nobody will notice they were all recession years) No, the real area of real enthusiasm comes from high corporate profits. So far 75% of Standard and Poor's 500 profit reports have exceeded estimates. Profits have always been excellent during the current collapse ever since the QE's began. Corporate profits were the highest *ever* in 2011. Now if only they can keep people from understanding that it makes no sense in using that information as evidence of strength in the real economy because *we know* that the real is not really strong. The wonderful excess of corporate profits is in fact the result of a leakage of the unreal into the ostensibly real.

Okay. So now in quick succession they've gone from bad to good. Then they shock everyone with a lunatic criticism of German economic policy. Shame on them for promoting an exports based policy, which just happens to be the same one followed by the US in the postwar years until we lost our mojo after the 60's. Germany is supposedly stifling the EU economies, hypocritically ignoring the fact that our imposition of NAFTA like agreements does the same to those nations that have been reduced to American imposed national peonage.

Could the hysterical attack on Germany presage a third world war? Are those American missile bases being deployed in Romania really aimed at blocking a German avenue to Mideast oil through the Stalingrad Trail? Securing places for

ever more capital to make ever more capital was the cause of the last two. Stay tuned...and alert.

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