

## Labour Unrest

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Jeremy Corbyn was the upset winner in the British Labour Party's election for shadow PM. The party has moved steadily to the right following their determination in the 90's that they had to be more like the Conservative Party in order to regain power. After 13 years of Blair/Brown they proved to everyone that even when as rotten as the rightist parties they could still have success. So last year they decided to go whole-hog to the right by cutting official ties with the trade unions (gradually over a five year period – they still need to find more capitalist sources to replace labor contributions). Assuming they would lose a lot of the proletariat they set up an easy non worker support system: contribute 3 pounds and you become an official supporter with the right to vote for new Labour leaders. And so it happened: member/supporter numbers tripled as the dispossessed readily took advantage of having a candidate that might actually represent their interests. Corbyn promises to return to public control the rails, post and energy. To halt the privatization (gutting) of the National Health Service and revoke the cap on welfare benefits. How will they fund this? Well David Hare let the cat out of the bag in his play *Absence of War* about the 1992 election campaign (one they thought they would win if they demonstrated economic constraint). Once in power they would eliminate the mortgage tax deductible. Only one of the many welfare for the rich acts that should be revoked, but first Corbyn must learn to sing God Save the Queen while kneeling and hand kissing.

Japan's central bank is expected to continue its government bond purchasing program, and perhaps even increase the amount. With inflation rates at zero and possibly moving into negative territory soon, an announcement may be expected next month. Current annual purchasing volume is about \$700 billion. The bank also has an ETF program to directly boost equity markets. That is set at \$25 billion annually – about 80% of which has been consumed so far. Meanwhile the August trade deficit was \$4.7 billion with export growth slowing while imports fell.

The US six month drop in wholesales sales now averages 3.2% year to year.

Chinese factory output rose 6.1% from the year before (below expectations), and fixed asset investment was up 10.9% (a 15 year low). The government announced that it will make its “socialist” market economy more in sync with the norms of world capitalism by selling shares to private investors in its state owned enterprises. Note to folks that still think China is communist: Unless state enterprises are run along capitalist market economy principals there would be no possibility that private investors would invest in them.

Industrial production fell 0.4% (up 0.9% in July). It's now at late 2009 year to year levels. The Empire State Manufacturing Survey was down 14.67% in September, almost the same reading as the previous month. Retail sales rose 1.53% year to year (0.42% ex-autos) while factory production fell 0.5%. The CPI

fell 0.1% last month (+0.2% year to year) Clear as mud signs for Thursday's Fed decision.

Average household income is the same as it was in 1997 according to the Census Bureau. That's 6.52% lower than it was in 2007 and 7.2% less than 1999. Those are peaks before those two busts. The economy is supposedly nearing 7 years of growth. It should be approaching the heights rather than showing symptoms of a slide. A truly robust economy would not be short 2.8 million full-time, full-year jobs from 2007.

According to Brad Brooks of Bloomberg American corporations announced dividend and share buybacks that total more than \$1 trillion – More than all their projected long term capital investment. That's how you drive an economy – right to the nearest toilet.

On Thursday the Fed, after careful study of the tiddly winks layout, decided not to remove the toothpick that may be holding up the entire world economy. Since that was the decision the world's financial brainiacs (including the IMF and the World Bank) were praying for, one would expect at least a placid world market, whichever way, the next trading day. Instead there were major downturns worldwide with heavy volumes in American markets. Why? Because the Fed cited a weak world economy as their reason for another coitus interruptus-like withdrawal from financial release. *What other reason could possible be expected?* Instead of raising rates based on their beautifully fabricated “strong jobs” numbers they had to say something worrisome about the world economy (of course, it's them, not us). Just think, the well-being of most of humanity is based on this asshole-driven economy. But leave it to the chief economist of the Bank of England to one-up their American kindred. The US rate is effectively zero (0-0.25 percent). In the UK it's been at 0.5% for seven years. Because of signs of UK economic weakness and deflation he actually proposed a lowering of the rate before they eventually raise it. Seven years of seeing light at the end of the tunnel resulting in an about face toward darkness. That Andy Haldane sure knows how to kick start a faltering economy – right in its British Bollocks.

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