The Lost Decade

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The World Bank foresees a 2.2% growth rate through 2030 for the world. Adjusted for the standard statistical lies, and the made to order computation, that's closer to being a crash than a stall.

"The slowdown we are describing ... could be much sharper if another global financial crisis erupts, especially if that crisis is accompanied by a global recession," the director of the World Bank's forecasting group, Ayhan Kose, was quoted by Reuters as saying.

But the effects of the last financial crisis are still with us if one excludes the markets which can be engineered into the proper shape by the Fed using its many tools, including its own full featured trading desk housed in the NY Fed, and also a similar setup in Chicago to handle commodities.

The World Bank urged policymakers to prioritize taming inflation, ensuring financial-sector stability, and reducing debt, saying that potential growth could then reach as high as 2.9%. Which is classic example of – The operation was a success, unfortunately the patient died.

On December 26, 2007 the Fed's balance sheet was $929 billion. It is currently $8.8 trillion (yes trillion) much of which is semi-junk that no one wanted in 2008. It is now sifting through salable stuff to lower interest rates. In the last downturn the Fed made $16 trillion in loans to troubled banks – $5.7 trillion to Citigroup, Morgan Stanley and Merrill Lynch alone. But that doesn't include other loan entities, like loans through the discount window. A study by the Levy Institute of Economics dug out a loan total of $29 trillion. And it still hasn't cleared the decks for the next financial calamity.

And the head of the world's top financial regulator, Pablo Hernández de Cos, chair of the Basel Committee on Banking Supervision, said last week "The only way to entirely prevent a bank run would be to require them to keep all of their deposits in highly liquid assets, but then you wouldn't have banks any more". What he means is that you would not have any banks that aim to make profits and speculate; but you could still have non-profit banks providing a public service. But, of course, that's not on the agenda.

It's profit or death for capitalism – that is the very definition of the system. It's survival for the rest of us.

Social Security Scare Story

Points made by Dean Baker:

+ The scare stories stem entirely from how we account for Social Security, as opposed to programs like education or the military; We've already seen most of the increased burden associated with the retirement of the baby boomers;

+ It's not true that our only choices are raising taxes or cutting benefits, as has been widely asserted;

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+ We have seen great news on Medicare since the passage of the Affordable Care Act, which has been largely ignored.

Currently the tax is 6.2% on wages and income of employees and employers which is capped at $160,200 of income. In 1982 only 10% of income was higher. Now it's 20%. Since the intention of the cap was limit the tax to a certain level. Raising the tax to 20% preserves the original understanding of placing a limit. The projected increase in Social Security expenditure (without raising the tax cap) will be 6.03% of GDP. In the 1980's the expenditure for the military was 6.0% of GDP. If military expenditure can be raised to fund Reagan's Star Wars, etc., stupidities, then raising to fund retirement is certainly a more legitimate reason

It's very important to note that the sudden rise in expenditure was due to the retirement of a large number of Baby Boomers which is largely at an end.

In 2000 the Medicare Hospital Insurance Fund was projected to account for 2.54% of GDP by 2040. That estimate has now been reduced to 2.12%.

But the overall condemnation of any reduction in social benefits should rest upon the fact that the parasitic class not only does nothing to justify its class wealth (theft), but many within that class do nothing 'productive' as defined by the class itself. Coupon clippers, etc.

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