

First the Monster then come the Pickaxes

October 28 2022

The monster's den is here where it jacks up prices pushing inflation to a 40 year high even while sales are weak, thus making up for lost revenue by means of consumer gouging applied to stock buybacks, dividends or directly pocketed in the form of obscene employment contracts. But the monster is also a cosmopolitan citizen of the world profiting by blowing up Russian gas pipelines selling cheap fuel to Europeans so it can sell liquified natural gas at 4 times its cost in the US. The monster must preserve the dollar against threats from euro and yuan, because the dollar as virtually the sole means of world trade makes the rest of the world support a massive US debt now exceeding \$31 trillion. As an additional treat, many nations are required to stash large sums of dollars in banks where they can easily be seized by the US with the stroke of a pen for any sort of alleged crime even though the US itself has committed in reality and impunity the crimes of an infinitude of run amok capitalists.

But its opponents are fighting back, not so much in Europe where Germany and France once planned a military alliance, Permanent Structured Cooperation (PESCO), to defend Europe's interest apart from Nato, the disguised stalking horse of American interests, only to let it sink into inertia. The war against Russia that began in Ukraine united that nation with China, an even more significant target, and others that see brighter futures apart from American claws. They have created and expanded their own entities to deal international trade apart from dollar domination.

China has passed the US as the largest trading nation measured by volume and only second when goods are valued in dollars rather than yuan. America has so wrecked its own capacity to manufacture the most advanced technological instruments that it's only way to halt or slow China's advance is to ban exports of key components to China, and more importantly, to strong arm allies to do the same. This action is disguised as a security measure rather than a broadside event in economic warfare. The anti-Chinese enmity generated by American state actions have, according to MIT, Harvard and Princeton academics, led to 1400 researchers of Chinese descent to return to China. That itself is a serious blow to American existing research capacity. In this chip war China will eventually develop, or find other sources, of what the US and its slavish allies have denied them, and

meanwhile US tech companies will be denied billions of dollars of trade profits from China purchases.

Meanwhile in China President Xi has won his third term in office and has warned its private sector of increased scrutiny. The former Stalinists seem completely clueless as to the workings of capital. Adam Smith's invisible hand of the markets is a polite way of describing capitalism as a brain-dead anarchic system. The 'thinking' of capitalism is to go all our until the crash. In China it resulted in a multi trillion disaster in the residential building industry. Large numbers of partially built high rises throughout the country, nicely called 'rotten tails', reveal the massive waste of resources thanks to the inherent depredations of capitalism. Builders took in huge sums for prepaid home purchases only to spend it without being able to deliver the product.

Xi's threat caused a record withdrawal of money by foreign investors and Hong Kong's Hang Seng has fallen to its lowest point in 13 years. Meanwhile in the West the Federal Reserve, European Central Bank, and the Japan Central Bank hold a collective asset (securities that no one but a central bank would care to hold) total of \$13.5 trillion, thus a debt to GDP ratio of 322%, meaning \$3.22 of debt to support \$1 of economic growth.

As a sign of what is to come, we have rats in the form of the presidents of Federal Reserve banks getting what they can in plain sight before it all crashes down. James Bullard, President of the St. Louis Fed and a voting member of the Federal Open Market Committee with access to upcoming market moving Fed actions, invited 40 Citibank clients, (this is the bank that received \$2.5 trillion in secret loans to keep afloat in the 2008 crash) to personal advice from one of the movers and shakers of the markets itself. This is after Robert Kaplan of the Dallas Fed and Eric Rosengren of the Boston Fed had to resign last year for taking profitable advantage of their job, and this year Richard Clarida, vice chair of the Fed, also had to leave because of his inside trading. Most recently Raphael Bostic of the Atlanta Fed has been caught in the same scheme. They should have done what Janet Yellen, current head of the Treasury, did and collect from those she helped after retirement by collecting \$7 million in payments for a few speeches given at selected events.

Monsters galore – masses with pickaxes visible on the horizon.

<https://unrealeconomy.org/>