

## More MMT Madness

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Modern Monetary Theory talk has yet to dissipate like a scattered memory packet. Basic needs, especially infrastructure, have been seriously underfunded in recent decades. With tax and budget (except for military) cuts having become the norm, economy theorists from the University of Missouri at Kansas City proposed a win-win solution. Described in as few words as possible it is that highly developed capitalist states like the US have an institution on hand, like the Fed, to directly provide funds required for urgent social needs, thus bypassing the normal taxing and budget limitations. Furthermore, its expenditure would stimulate the economy, increase tax revenue, and if there is inflation, the Fed has the means to control it.

The immediate question that comes to mind is, why would anybody think our beloved capitalist ruling class would permit this futzing around with a financial system that happens to be the only sector of the economy capable of creating at least a Potemkin Village of economic growth?

In a recent indirect exchange between Doug Henwood, who criticized MMT in a Jacobin article, and low-level MMT acolytes Tankus, Grey, Ferguson, and Carrillo, the latter groupule described their "friend's" sensible criticism a "screed"; and began sentences with things like "he doesn't even know", or is "ignorant" of, and also carried on about a proper interpretation of Kalecki, but finally did make where they stand very clear.

Rather than engaging in the usual fiscal struggle between the social classes, none of which want to be taxed, and which culminates with either nothing or something inadequate, and sour feelings all round; the MMT'ers will have any of it.

*"Refusing to play this game, MMT demonstrates that the rich are a troublesome barrier to a better world, but we need not rely on their money."* Their solution is to do an end run around capitalism itself which leads to an obvious question -- If you can manage that, then why not dump the system altogether, after all there is much more to condemn in world wrecking capitalism than an unwillingness to provide for the minimal needs of Americans?

### Economic Info

--- Mainstream reporting of economic data tends to distort real conditions by restricting it to a standalone increment. Comparing data from a series of months to the same period in a previous year is best at revealing a trend. But since the world economy is stuck in stagnation it's best to stick to the shortest data point period

because it's sure to include some that are positive. The retail sector has been performing rather badly but the general perceived sense is that it is doing pretty well, not only because of the distorted data but also because there is always an emphasis on the positive in reporting economic conditions -- 'always look on the bright side of life'. Unadjusted retail sales growth for the 6 months through April were 2.94%. That's the lowest rate since 2016 when the US barely escaped Europe's brief recession. The rate adjusted was 1.3%. Both industrial production and manufacturing have been down 3 of the last 4 months. Most significantly, production of consumer goods from April 2018 to this April declined by 2.5%.

--- According to Senator Schumer more than 80% of corporate profits go to shareholder dividends and stock buybacks. The rest is pocket change for research and development, fixed asset investment, and the like, to make a better America for the insignificant masses that inhabit it.

--- The recent talk by some newly elected Democrats to push for a Medicare-for-all health care system has cost private health care stock investors a \$300 billion loss. The CEO of UnitedHealth Group made things worse by saying the dissolution of private health care bloodsuckers and their replacement with Medicare-style efficiency would "surely have a severe impact on the economy and jobs, all without fundamentally increasing access to care." Medicare-for-all would of course employ many people but instead of exploiting them for the profit of a few as in the current system they will be performing a socially beneficial labor. And it's currently impossible to avoid having 'access' because those that refuse to attach themselves to bloodsucking private insurers will be incurring heavy fines from our aggressively benevolent state.

--- The four largest US banks wrote off \$4 billion of delinquent (more than 90 days past due) credit card debt the first quarter of the year. That's the worst since 2009. All other losses in consumer loans totaled less than \$700 million.

--- Chinese companies have defaulted on \$5.8 billion of domestic bonds the first four months of the year; 3.4 times more than the same period of 2018

--- Trade war stats. US imports from China were down 19% in March year over year. Only three months have been worse since 1988. Two in 2009 and one in a Golden Week month. The decline was 15% in February. US imports from the world as a whole were down slightly in both March and April.

--- According to a Ned Davis Research strategist the S&P 500 would be 5% lower since 2011 if funds used for stock buybacks were retained as cash; 10% lower if use for dividends; and 19% lower if donated for the betterment of humanity.

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