

Nevada Considers Neo-Colonialism

02-19-2021

What is a state to do when deprived of its one major economic base, and without funds for large loans and property abatement to entice businesses to build and grow in their state? Do what the Democratic governor of Nevada has proposed, and what most poor third world nations must do: *We have nothing here but our land, resources, and ourselves -- use them freely and profitably while permitting us some of the associated benefits.*

The core of Nevada's economy has been tourism now close to dead thanks to the pandemic. That has drained state coffers and led to this controversial proposal. But there are guidelines -- only high tech and the like need apply. They must have \$250 millions in ready cash in hand, and be committed to \$1 billion more for investment over 10 years.

They also would be required to own at least 78 square miles of uninhabited, undeveloped land in a single county. At first the county would have oversight but eventually the business entity would be largely independent and governed by a three member board of supervisors -- the equivalent of county commissioners -- and form a government carrying the same authority as counties, including the ability to impose taxes, form school districts and courts and provide government services. Blockchains, LLC has already committed itself to an area near Reno if legislation in passed.

Of course, there will be some government supervision, like, if you want to get to San Marino, you must visit Italy. *The Independent County of San Marino* – An attractive name for the Nevadan mini-state.

Economic Info

-- According to a JP Morgan, Chase's, investment mania gauge investors are recapitulating the spirit of dotcom days just before the end. It's not just Bitcoin and penny stocks, nor is it just in the U.S.

Equities have added \$7 trillion to their value since the beginning of the year with \$1.4 of that in digital currencies. Some think only the Fed slowing its bond buying will return conditions to investment sanity. But the obvious reason the Fed doesn't stop expanding the bubble is because it prefers craziness to collapse.

-- Losing ones employment is a sudden shock to the well-being of the unemployed and their families, but fortunately we do have an unemployment compensation system to lessen the social harm -- or do we? Monetary benefits are 8 percentage points, or about 1/3, less than they were in the 1940's, and only about 30% of the unemployed qualify for any benefits. Unemployment funds are derived from a tax paid by the employer calculated relative to a base wage. Virtually everything else is determined by the individual states except that the base wage can be no lower than \$7000. The tax rate is determined by the state. Because states want to be attractive to business investment, most opt for the lowest requirements from employers. That's why many state unemployment funds go broke when there is an economic crisis. The federal government has had to contribute to state funds in every recession since the 50's.

What is worse is that most states make the unemployed jump through hoops in order to get anything at all. In Arizona 70% of applications are denied -- only 15% get anything. In Tennessee 60% are denied. In Florida only 10% of applicants get anything; the amount is capped at \$275 a week and only lasts for 12 weeks. This lousy system is thanks to FDR. During the Great Depression there was a large organized movement for the establishment of a decent unemployment wage system. FDR had to do something to knock the steam out of that militant movement, hence this crap which for many idiotic right wingers is thought of as a gravy train for the unemployed.

<http://unrealeconomy.org>