

Odious Debt

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Nathan Lane of *Forbes* writes that, according to the National Bureau of Economic research there have been 153 sovereign debt restructurings (AKA-defaults) since 1980. The point being – it's not the end of the world if Greece is added to the list. Sure, it might mean having an EU appointed autocrat running the nation for a number of years, like the despised Mario Monti being forcibly made PM over the Italian people. But Greece already had a test run when Papademos, the former head of the Greece Central Bank served as head of government. Papademos actually turned down offers of a discharge of some of the debt because it would harm Greek banks. Given the traitorous (for banks and against people) conduct of a pillar of the Greek ruling class, and the fact that 212 million of the 313 million euro Greek debt would go to EU central banks if more bailout money is received (as did almost all previous bailout money to other creditors), this is a clear cut case of “odious debt” – scarcely any of the debt has served the interests of the Greek people.

Admittedly determining what is an odious debt under capitalism is a very problematic issue. Mexico repudiated the debt incurred by Maximilian I of Mexico after he was installed by France. The Cuban debt that resulted from Spain's rule was also repudiated – but, interestingly, not by Cuba but the United States – Cuba's new overseer. On the other hand, Haiti has never been permitted to repudiate the debts incurred by the Duvaliers because they were dictatorships installed and supported by the US and other “western democracies.” Haiti was forced to pay France a huge indemnity in gold for having the temerity to free themselves from French slavery. That happened mid-18th century, and France has yet to accept its crime and return the stolen gold and, in addition, to pay for years of unpaid slavery. Since a great deal of debt incurred in a capitalist society is primarily for the benefit of the minuscule capitalist ruling class, might at least some of that be made an obligation exclusively for those for whom it was done? Most Americans opposed the recent foreign invasions, why should they be stuck with paying off the cost? The same applies for the Greek people – repudiate those odious debts – along with your odious ruling class.

Some interesting Stockman calculations. In the 27 years since the Greenspan years, non-financial corporate equities rose from \$2.6 trillion to \$36.6T – an increase of 14X. During those same years the GDP rose from \$5T to \$17.7T – a factor of 3.5X. Wages and salaries \$2.5T to \$7.5T – 3X. Full time worker wages adjusted for inflation (based on 1982 = 100) \$330 in 1987 to \$340 now. An increase of 1.03X. There went the shopping spree.

Michael Feroli of JP Morgan thinks the GDP may only be -2% this year. He expects monthly jobs reports to be about 75,000 later this year. That shouldn't be all that shocking since the average over the last 10 years has been 68,000 – and keep in mind the poor quality of the new jobs – part time, temps, low wage, independent contractors.

Corinthian Colleges, a for-profit bunch of schools, recently went mostly bankrupt. That left thousands of students with no school to attend, no degree to receive, in short, no means to pay back the billions of government guaranteed student loans. The Obama regime has raised some hackles because it has announced that it (the taxpayers) will eat the losses totaling \$3.6 billion. The gangsters running this college scam charged exorbitant fees, lied to their conscripts about future prospects, and in many cases encouraged them to lie in order to get the loans. Yet there is not even a suggestion that the thieves should be made to return the loot. Even the theft-supporting rules of the articles of incorporation require at least a fig leaf of a real benefit to justify its existence.

The IMF announced that it will continue to send bailout money to Ukraine even though it will fail to meet its debt obligations. Ukraine is trying to get a haircut on those debts, just like Greece, but Ukraine is a special case. As an imperialist created puppet state, those imperialists are in effect refurbishing a tiny bit of their own property by keeping Ukraine afloat. That is considered a very worthwhile expense for their taxpayers.

The World Bank has joined the IMF in begging the FED not to raise interest rates (a whopping 0.25%) this year because the 'recovery' is showing signs of losing its footing before it can take its first step.

Equity markets boomed in the US and elsewhere on Wednesday because the game of chicken has apparently caused a slight crack in the Troika armor. It's reported that they will extend Greece's bailout deadline nine months if that country agrees to a single payback demand of the group. The ECB has already showed its hand by increasing Greece's emergency liquidity assistance fund by \$2.6 billion since Greek banks are down to \$700 million in reserves.

The Greek constitutional court ruled that 2012 pension cuts to help pay for the bailout of that year were illegal and must be reinstated, though not retroactively. Meanwhile, IMF negotiators have gone home (the US) because the Greeks have offered them nothing acceptable – thus, the Greeks also went home. It's back to bleakness, but the markets only gave back about half of their false gains.

American motor vehicle inventory is now higher than ever before.

Junk bond defaults are at the highest level since October 2009. Bloomberg's Index of 22 commodities is 25% lower than it was a year ago – not just energy, but also mining and metals.

According to Zillow 15.4% of householders have homes valued less than their outstanding mortgages. That's down from the 2012 high of 31.4%, but still terrible because 1-2% is considered good and the increase in home prices is slackening. Cashing in on home equity has traditionally been a major source of spending money for otherwise cash-strapped Americans.

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