

Powell's Wreckage Job Conquers the World

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The declarations of all capitalist economists are horseshit. That not only includes Powell but also Draghi, Kuroda, Lagarde, and many others. They are well aware, or should be, that their comatose economic system gets much of its uplift from their hot air. Unfortunately for Powell he is one of those school kids who got hooked on eating horse hoof glue, and that has now blossomed into an irresistible attraction to his own horseshit.

When an economy goes bad much depends on our leaders minimizing discouragement and maximizing optimism. Fudged data is presented in localized time constricted bits, not in long-term historical comparison. They will tell us that the "fundamentals are strong" which means that we must not show any sign of weakness in order to not break the backs of our fundamentals.

But keeping folks searching the horizon for the coming prosperity is wearing thin. Thus the one and only solid piece of evidence: the utterly preposterous 3.7% unemployment rate, the lowest in almost fifty years. That it hasn't led to high wages, a jump in the labor force participation rate, a powerful boost in retail sales and commodities in general, and all to be followed necessarily by an inflationary rise in prices doesn't phase the likes of Powell.

The science of Economics says it must be so or else the best brains in the economic theory department are all fools. The other managers of the world's synchronized growth economy also shout out the good news of robust growth, but they see nothing but their empty words being thrown back at them via populist uprisings. They are all with Powell in maintaining a false front, but raising national bank rates as if their lukewarm economies are really overheating is to them sheer lunacy.

When the participants in the recent Global CFO [Chief Financial Officer) Council were polled as to what was their chief concern, 46% said it was poor consumer sales, only 10% named the trade wars.

In lieu of growing profits out of a decidedly non-robust real economy corporations have availed themselves of that which is cheap and plentiful. Credit. They have used highly leveraged mergers and acquisitions to advance their nominal wealth and real profits by exchanging debt for assets. S&P non-financial companies have loaded themselves with \$5 trillion in debt over the last decade.

Some debt can be reduced by eliminating redundant operations and personnel, but they must have genuine improvement in the real economy and continued cheap credit in order to refinance their debt. Powell's mad inflation of credit costs will

be an added burden for both finance and real sections of the economy. Thirty year fixed rate mortgages are now above 5% diminishing what little life exists in the sale of new homes. And now the one glowing segment of the fake economy, the equity markets, has begun to take notice.

Wednesday and Thursday saw large declines in markets around the world. Declines continued in Europe on Friday while markets rose in the US though not enough to equal a single day's decline.

It's, 'what, me worry?' time for the financial hustlers; it was only a couple of 3% declines. Still, there have been more 3% declines this year than in the previous four years combined.

They blame on the trade wars and social disturbances forgetting that beggar thy neighbor trade wars are the norm in hard times as are the increase of hostility toward the powers that be; both widespread in the Great Depression.

There is the old saying that people ignorant of history are condemned to repeat all its convulsions, but what can we say about people fully cognizant of real conditions who brush off any public acceptance of the ugly reality? They are powerless and motionless. They do not know what do do. It's up to the rest of us to tell them where to go.

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