

Repeat: Economy Down, Markets Up

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They did it again. The growth 'surge' has dissipated, not just in the US but also in Mexico and Brazil, countries that recently received an economic standing ovation. Today the latest jobs report came in at about a third of the previous month's and half of 'expert' expectations. But not to worry, the shock jolted the powers that be into spitting range of more ineffective 'stimulus.'

One would think that with the nation going through a Covid surge far more severe than the previous one/two; cases, hospitalization and deaths breaking records daily, lockdowns popping up everywhere that the real dire situation would finally be worthy of consideration. But the boundless greed of the privileged sequesters them from reality.

Just how many constitutes the elite? The Fed has been tracking ownership of stock since 1989. The poorest half of the population had its highest percentage of stock ownership in 1992 – all of 1.6% of the total value. But that's rolling in dough compared to ownership of the bottom half as of this June – 0.6%. The poorest 90% 11.8% while the richest 1% 52.4% - and the gap has widened since 1989 – 22% higher for the 1%, 33% lower for the bottom 90%.

But one may think that at least those in the middle class have also taken advantage of the stock boom. 55.8% of the middle 20% income earners own stock. And the median average – half more and half less – amounted to a nothing-to-shout-about \$15,000, which was a thousand dollars less than 3 years ago.

Because of the economic consequences of the pandemic the government has allowed those with stocks deposited in their retirement plans to cash out before the 59 ½ year age limit in order to pay their bills. There is evidence of a significant number taking this opportunity and shifting the damage to their old age when they most need it.

Economic Info

– Speaking of debt, total global debt now amounts to \$277 trillion which is \$15 trillion more than it was in 2019. That sum is equivalent to 365% of global GDP. At some time that debt has to be discharged, paid, written off, or whatever, but all constitute a loss.

– Both Fed and Treasury chiefs were interrogated by both houses of Congress this week. The main issue was the hidden use of vast sums in a manner that was never authorized. Between 2007 and 2010 \$29 trillion was secretly used for Wall Street bailouts. \$9 trillion of that went to a handful of American and foreign investment banks. The politicians pander to the masses: look what they do to save the institutions of the rich, while measures to make good paying jobs by repairing our dilapidated infrastructure keep being shifted to the future.

Some of the rich realize they are skating on thin ice. Billionaire venture capitalist Nick Hanauer in Politico Magazine 2014:

“What everyone wants to believe is that when things reach a tipping point and go from being merely crappy for the masses to dangerous and socially destabilizing, that we’re somehow going to know about that shift ahead of time. Any student of history knows that’s not the way it happens. Revolutions, like bankruptcies, come gradually, and then suddenly. One day, somebody sets himself on fire, then thousands of people are in the streets, and before you know it, the country is burning. And then there’s no time for us to get to the airport and jump on our Gulfstream Vs and fly to New Zealand. That’s the way it always happens. If inequality keeps rising as it has been, eventually it will happen. We will not be able to predict when, and it will be terrible—for everybody. But especially for us.”

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