

## Rich Rats Make Tracks

02-23-18

It's seems that some of the bourgeois elite, mostly of the new money type, are finally getting it. When we have the worst economic crisis since the Great Depression, and then after a massive credit dump with fits and starts, it's said to be not only working but with such vigor that the economy is now 'hot' – there is still a major unresolved problem – *no one but the ruling class believes any of it.*

What has got capitalism's young-guns racing toward the southern tip of New Zealand is that their entrenched leaders have so firmly accepted their own lies, perhaps to seem more convincing, that they have become swamped by their own blowback. The evidence: Trump; two sharp slaps to the rears of the UK Conservative Party; all major French parties swept away by a man from nowhere; the disastrous recent German elections in which the conservative CDU/CSU, so confident that having made the economy the powerhouse of Europe they would now gain a parliamentary majority, instead suffered its worst defeat since 1949 – as did its current coalition partner the SPD; and then there is the seemingly unresolvable dissolution of Italy with Greece leading the way.

The mainstream media tries to neutralize the causes by giving equal weight to global warming, asteroids and plate tectonics, but the overriding reason is people, namely those that made large mandatory donations to those now in flight. According to an NBER study from last December by economists Piketty, Saez and Zucman, half of American adults have been “completely shut off from economic growth since the 1970's”. That's about 117 million earning on average in real terms the same as they did in 1980. Meanwhile, income has tripled for the elite 1%. Thus the *Trump Apocalypse* as some are referring to it in New Zealand. Seventeen times the norm registered with the government the first week after the election. NZ grants a quick residency for foreigners that invest at least a million dollars – a thousand have done so. Next up is probably billions for a citizenship, those short of cash can shuffle down to Belize.

The unavoidable image that comes to mind is of rats fleeing a sinking ship, but in fairness to rats, they have nothing to do with the disaster. Perhaps we should see the filthy rich more like devils fleeing the hell they created.

-----

The part of the world that is said to be really and truly booming is Europe. After exiting the recession in 2013 they've had 19 successive months of GDP growth. But it's really a sign of the miserable times when an annualized GDP in the low 2's is considered robust growth. Yet with GDP low PMI's have recently topped 60 – the highest in 17 years. There should not be such a large gap between the two economic measurements. The PMI figures are the basis for the claim of a 'hot economy.' At this point central banks worry about inflation and raise rates, but

that would be harmful to GDP growth. Some analysts believe central banks will accept a higher inflation target in hopes that it will help narrow the GDP-PMI gap.

-----

As the speculators struggle to really believe that the recent market correction was just the normal ‘taking a breather’ pause before continuing the run-up they have to deal with a stream of obstacles impeding their belief system – like the CPI was really down the last two months; that retail sales have been weak for some time, including the holiday; and then there is real weekly earnings – in January they were down compared to January 2016, the near recession period of 4<sup>th</sup> quarter 2015 and 1<sup>st</sup> quarter 2016. The reason: oil price has been artificially doubled over the two year period. The front men for our capitalist rulers demand that we believe the economy to be robust, booming, hot, etc. They still don’t get the fact that such lies may help stiffen the backbone of the financial speculators, but it pisses those struggling to remain within shouting distance to where they had been.

-----

The latest stats on single family construction show little change from recent months. That means in what is claimed to be a strong economy these numbers are less than half of where they were pre-crisis, despite their being 30 million more Americans. The tell-tale reason is that according to the Census Bureau household formation is still 3 million less than pre-crisis level, and this means that the younger folk aren’t doing well enough to take the major leap to home ownership.

-----

Sales of existing homes last November were and annualized 5.72 million. In December is was 5.56 million. In January 5.36 million. Clearly the spike caused by Hurricanes Irma and Harvey is over – This is not mentioned by mainstream sources because associating it with nature means that our man-made economy is as weak as ever. According to the National Association of Realtors the problem is that there are plenty of willing buyers but not enough homeowners are placing houses on the market even though a long stretch of higher home valuation should have encouraged many to take advantage of big profits by the sale. But if the economy is really doing so well that there are plenty of willing buyers waiting for a leveling off into more affordable homes, there should be approximately the same number of optimistic sellers willing to participate in the exchange. Clearly, despite polls showing consumer sentiment at a high level, it is simply not true. The vast majority of pessimists must be hanging up on the pollsters.

<http://unrealeconomy.org>