

SPACtacular Wealth for the Worthless

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The value of labor power that most people have to sell at one time or another is determined by the supply and demand of that labor power. The current minimum is \$7.25 an hour and varies widely over various industry and services, not all which is hourly, and the outcome for society is all the goods and services people need to live and hopefully thrive. But none of the above applies to the ruling class of employers. They take (and not make) from the vast sum of wealth created and expropriated from the productive class. That is their socialization of wealth from above, and one upwardly mobile deli doing about eighty dollars worth of business a day has managed to inflate its worth using the tools of capitalism, and much hard finagling, to the nifty sum of \$2 billion.

That lone deli, incorporated as Hometown International, filed an initial public offering with the Securities and Exchange Commission, and without anyone working up a sweat brought in \$100 million from 7.8 million shares currently valued at \$13 (or two cheesesteaks) per share. But these most brilliant financial wizards of New Jersey's sandwich makers added a nifty twist for those initial stock purchasers that invested \$2.5 million; they were awarded 20 warrants per share for purchases of additional shares at \$1 each. That means the potential total value of Hometown International is \$2 billion (20 x \$100 million).

The identified purchasers are quite sane investors located in Hong Kong and Macao who plan to use Hometown International as a Special Purchase Acquisition Company that will open the way for an Asian company to become a public company in the US. Now the capital investment companies that bought into Hometown are seeking a business with at least \$75 million to spare that wants to enter the American economy. Their SPAC acquisition will just be of the company, not its assets.

The SEC asked Hometown to file as a shell company (the norm with SPACs) but they refused because they are for real - they have assets: stoves, grills, tables, chairs, etc. So if a deal is done the buyer gets the

named company but none of its assets which may be quite valuable. An expert review of the delicacies found the cheesesteak, Italian and Sicilians combos, and the turkey with cheese excellent to very good. The only weaknesses were non-aged, low acidity vinegar, and non-authentic pickles.

Economic News

– The most thankless job for economy commentators is to maintain the fiction that an obvious market bubble is an accurate reflection of the real economy. According to Sibilis Research the total value of the stock market is \$49.1 trillion. That's larger than the combined GDP of the US, China, Japan and Germany; and almost \$30 trillion more than where the markets closed at the end of 2007. Markets peaked at 1.34 times GDP before the GFC. At the end of 2020 that were 2.10 times GDP. And added absurdity is that just five companies out of the many thousands listed account for 16% of the \$49.1 trillion.

– Markets had a few very bad days and then ended strong, including Friday. The flacks have been telling us that we are in a real broad based recovery and not just a make up for what was lost during the worst of the pandemic. Retail growth in March was 10.8%, last month it was 0.0%. Excluding autos is was 9.0% last month – 0.8%. Industrial production had been up 2.4%, last month 0.7%. We'll get a clearer picture after the current fiscal stimulus is consumed.

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