

## Slip Sliding Away

5-08-15

It's become increasingly tiresome to read and listen to determined criticism of world financial policies by those expecting a collapse to occur at any moment, when even those within that circle of movers and shakers are also predicting a major crisis somewhere – of course, that somewhere is elsewhere from where they operate.

The world is now for all intents and purposes entirely capitalist. There is no enemy to take advantage of its inherent defects and crises. The only potential threat is an internal one, and though there is mass anger among the masses, there is no leadership to focus it in such a way as to endanger its cause. As for the future of the economy itself, as Paul Krugman wrote in his Guardian piece, the elite capitalist countries can't go broke because they have the financial dominance to print as much money as needed. Some fear a psychological crisis – that the chief participants can no longer sustain a belief, not even in the deep recesses of the mind, that their scheme can last any longer. But the next financial crisis will, as always, be based in the economy itself – when the gradual slip sliding finally breaks through the barrier of the merely irrational, but manageable, to the realm of speculative chaos run totally amok, then the morning bell will not only cease to ring, but be un-rung.

It's been another week that projected trouble on ahead.

- The US trade deficit rose 43.1% last month. The highest since October 2008.
- Last two quarters US exports of industrial goods fell by 20% annualized. Oil drilling rigs are down to 700 from 1600 six months ago.
- Non farm productivity fell 1.9% in the first Quarter on top of a 2.1% decline in the 4<sup>th</sup> quarter last year. First time there have been two consecutive such quarters since 1993. That could mean that employers have stockpiled workers expecting an expansion, and would explain another low new jobs number from ADP for last month – 169,000 – and the figures for March and February were lowered.
- RealtyTrac issued a report showing house flipping approaching crazed levels. Large realtors are issuing cheap loans to buyers. Gross profit per flipped house rose to \$72,000 last quarter; previous quarter \$65,000; year to year \$61,000. Approximately 35% of sales are to non-owner occupants. The highest percentage in 4 years.
- In a claimed recovering economy with purportedly strong job growth,

wages for non-supervisory wage earners actually fell from 2.5% to 1.7% the past year. This category of 98 million workers constitutes 83% of the total private economy labor force. The supervisory category has about 4% wage growth. Combined it's been stagnant in the 2 – 2.5 percent range. Still far from the 4% plus of a growth economy.

- Wholesale sales fell for the fourth month in a row.
- The markets loved the essentially weak BLS jobs report on Friday. The number came in at 223,000 – 7000 less than Bloomberg's report of consensus average. More importantly, last month's 126,000 was cut to 85,000. That means the three month moving average is less than the highly touted 200,000 monthly figure. The Household Survey number was 192,000. Of special interest was the loss of 252,000 full time jobs that was partly made up by an increase of 437,000 temporary jobs.
- There are still 1.1 million fewer full time jobs than there were in the 4<sup>th</sup> quarter of 2007 – even though millions more adults been added to the labor force. Annual increase in full time jobs the last 15 years – 0.35%. The last 15 years of the 20<sup>th</sup> century – 1.8%. During that period 38 million adults entered the labor force.
- The Chinese economy continues to contract. Trade was down 6.2% last month – a small gain was expected.
- The Greek regime continues to present oscillating statements regarding its debt crisis – From assuring that failure to meet payment deadlines are off the take – To saying they will keep their election promises and not cut pensions, etc. – To also saying they will allow privatization of the port of Piraeus and other public property. The markets may give way a bit on Monday, and then recover grandly when Syriza caves in.

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