

## Very Soft Landing

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An illusion may dissipate in a flash if exposed to to an event beyond the limits of Mr. Potemkin's creation. Showing people shopping in well-stocked markets and stores depicts a prosperous country even if much of the population can't afford to buy at such places. On the other hand, showing a long rations line exemplifies a failed state even if this egalitarian measure is superior than 'prosperity' in keeping people alive.

The Unreal Economy has many ways to make it appear that we've "turned the corner," "the recovery is strengthening", etc. But to make this work there must be a well paced drumbeat of seemingly positive news to overwhelm reports of real negative conditions. To get that regularity, systems of fakery have been set up. Reporting real earnings against the previous quarter and the same quarter of the prior year may risk letting the truth out, so the Unreal Economy has set up, along with the assistance of the mass media, a way to report nonsense instead of real news on earnings. Everywhere it's reported that such-and-such a company has beat the "expert or analysts consensus". Who are these people? Why they are the shills and hucksters working for investment banks and the like. True, some reports fail to surpass the consensus, but those are usually government or other broad economic reports – more difficult to doctor. These 'experts' are much closer to companies, and both are in positions to make adjustments ("mark to make believe"). There are many other ways business activity is distorted. For example, if a company reports a nice increase in profit, did it come from increased sales of the product it manufactures, or was much of it from stock buybacks, currency manipulation, the sale of a division, or a merger, etc.? For bank earnings – Did they actually make money on loans to businesses and individuals, or was much of from interest paid on bank deposits held by the Federal Reserve? The Fed only began this strange practice during the current depression. Mandatory bank reserves total about \$60 billion, but the Fed holds about \$2 trillion altogether, and they pay 0.25% on all of it! Banks can borrow from the Fed itself at rates as low as 0.15%, also through Fed Funds at less than 0.25%. What a surprise that banks are now more profitable than ever! Stashing the free money away for the interest rather than loans damages the real economy. But that's only a problem if you happen to live in the macro world.

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