

## George Soule's - *The Coming American Revolution*

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George Soule published *The Coming American Revolution* in 1934 -- just about at the same point in that depression as we are in this one. Leadership response in 1929 initially was that the downturn wasn't that serious -- bankers said that their institutions had plenty of reserves to meet their obligations. Same baloney as under the second Bush. Late 2008 Republican presidential candidate McCain made his notorious declaration that "the fundamentals were sound" when they were in fact in headlong collapse.

As conditions worsened Hoover's Fed lowered interest rates and purchased government bonds to provide cheap credit and liquidity as stimulant for recovery. Same as the actions the current Fed has instituted for a recovery.

Hoover also created the Reconstruction Finance Corporation to bail out and revive big business. The Obama Treasury followed the same well-worn bailout path by way of the Treasury. FDR began his term with an aggressive 100 days policy. Many patchwork programs were initiated. Both he and Obama funded public works programs but they both realized it would take a couple of years to realize a benefit. FDR had the additional problem of staying close to a balanced budget. His most famous program was the National Recovery Act (it's creation suggested by the Chamber of Commerce and Swope of General Electric - nothing "socialistic" about it). It would serve as an adjunct of the RFC, but the liberal component of FDR's administration wanted to use it as an instrument to raise employment and wages and thereby increase demand and revive industrial production. It included provision for a minimum wage, collective bargaining and a 40 hour work week at the same pay. Much of that was either thrust aside or of minimal significant (many mistake the collective bargaining provision as having caused the wave of strikes in the mid 30's -- actually the economic collapse and poverty brought about those and and union recognition.)

What the NRA mainly did was to make things worse because it was run by the industrialists and their only concern was to revive their profits. Through the NRA they created an industry pricing system they fixed prices in 1933 -- they were 23% higher than 1929! Aggregate corporate profit was down \$45 billion in 1932. In 1933 aggregate corporate profit jumped up to \$440 billion! Thus the free rein of the capitalists -- greed run amok and the bottoming out of the economy. (Note to Libertarians -- Make sure you include in your program the creation of a Mises/Hayek fascist police state to safeguard the freedom (license) of capitalists to continue their parasitical existence on the backs of those that toil.) Here we see the same in the Obama "recovery." Corporations have repeatedly set new aggregate record profits -- while most Americans continue to survive in the trough of the "Great Recession."

The NRA was set to end in 1935 but was declared unconstitutional shortly before. Soule, writing in 1934, predicted that the FDR policies would fail to revive the

economy, and he was proven correct by the new downturn in 1937. He also could foresee signs of war which, should it occur, would provide the demand the economy required. But without the intervention of such an extreme blessing he saw two possibilities: Without inflation we would have a revival of profits without a revival of anything else -- and a return to depression. That seems to be an almost exact description of our current economic trajectory. But we also have his second prediction -- an inflationary boom followed by a crisis -- just that the inflation is purely in equities and securities. And finally he also predicted another depression in a couple of generations. Then the capitalists will either have to make way for a system of social planning, or their system will be overthrown in a popular revolt.

When it comes to predicting our economic future Soule promises a higher degree of accuracy than the committee Clinton created just 15 years ago to plan the use of our trillions of budget surpluses. No one should ever forget the quality of our leadership then or now. In 2000 they predicted the deficit (currently about \$17 trillion) would be entirely liquidated by 2010, and the nation engorged with a huge surplus that could be used as the promised post Cold War dividend to improve the quality of life and standard of living of working class Americans.

As we are now living in a time when the endgame constantly appears to be just around the corner, an alternative other than revolution should be under discussion. Today the March jobs number came in at 126,000 rather than the expert consensus of 225,000. 69,000 additional jobs were subtracted from the previous two months. The markets loved it because it probably meant zero interest rates for a longer period. Surely the nitwits managing this program understand that the day will come when even this last economic crutch will fail to keep the bubble expanding and then they will have nothing to fall back on but their already prepared plan for an authoritarian dictatorship - but that may also induce a civil or revolutionary war. The safest approach for the ruling class is to plan for a crash and then induce it at a set time -- just as a drunk with a bellyache sticks his finger down his throat. Next get a clawback program set up to return to the public treasury the \$5 trillion or so usurped by the financial gang of thieves that profited from the last collapse and the one to come. First use of the money is to retrain most of those in the financial industries because almost all of those jobs will be permanently gone. Any future bank or financial concern will be personally backed by shareholders; same with industrial corporations that use revenue for financial speculation. Then start using the trillions for a second bailout -- the fixing of all the damage to the real economy done by the immense financial swindle.

**Some highlights of the week** -- Real durable goods orders (excluding aircraft and defense) are 10% below pre-crisis level. Real final sales from 4th quarter 2007 to 4th quarter 2014 grew at an average yearly rate of 1.1% (from about \$15 trillion to about \$16.2 trillion). The previous 7 years it was 2.5%. It's usually higher in a recover because of demand build-up -- 3.6% following the 1981 slump. Even the 7 years after 1973 peak it was over 3%. Illustrates that the recovery is only on paper.

Market boomed on Monday. Why? Yellen announced there will be gradual

interest rate increases -- but the Fed will be **CAUTIOUS** -- in other words, don't worry, we will keep the illusory speculator created "recovery" going until we see signs of the never to achieved real recovery. And, the head of the "Peoples" Bank of China said there was still room for plenty of adjustments should the economy continue to soften. Feb. GDP was only 6.28% - far below the hoped-for projection of 7%, which in turn is lower than last year's 7.4%. Still plenty of room even though China's total outstanding debt over the last 15 years went from \$2 trillion to \$28 trillion while GDP only doubled to \$10 trillion.

Bloomberg projects that the S&P 500 corporate profits for the first three quarters of the year will fall each quarter. When that happens profits continue to fall taking the markets with them. 14 out of 17 times since the First Depression - 82%.

Second home sales in China fell 17% the first two months of the year. PBOC lowered deposits for second homes to 40% from 60% and rescinded sales tax if the home is held for at least 2 years (previously 5 years). Note that this "communist" country is bankrolling the most sleazy capitalist home flipping speculators. Real estate is 20% of the GDP and 30% of total investing.

The 14% rise in Commercial and Industrial loans over the past 13 months has been cited as a sign of a robust economy, but as Stockman noted, the \$220 billion growth in such loans since Oct. 2008 have all been of the leveraged sort -- purely the actions of speculators searching for ever increasing yields. Not for the expansion of productive facilities -- hence, destructive rather than constructive -- further undermining any real recovery.

The UK's Office of National Statistics reported that wage and benefit growth for wage workers averaged 1% per year over the last 5 years.

More countries are joining China's Asian world bank. The US complained when Germany was the first of its major allies, but France and Italy have followed. Japan withdrew reports that it was interested. It's interwar dream was to be the dominant imperial force in Asia. "Communist", and capitalist/imperialist, China is setting up the equivalent of the American dominated World Bank in order to replicate its brand of neocolonialism in Asia. Maybe it's time to re-read Orwell's 1984 so we can recall the national blocks that engage in continuous warfare. And finally, once and for all, come to understand that modern world wars are only caused by inter-imperial capitalist competition.

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