

## Survey Says – You Get Sicker as the Economy ‘Recovers’

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In a Brookings Papers on Economic Activity submission – *Mortality and Morbidity in the 21<sup>st</sup> Century* (Anne Case, Angus Deaton) we are informed that, while our Fearless Fosdick rulers slaughter the peoples of the world – both friend and foe and in plain sight – it is also also eliminating a large number of superfluous Americans by way of a sneaky sort of killing.

Evidence of the crime is in America’s mortality figures; while mortality data continues to decline in most sectors regardless of race or gender there is one exception – white men and women who lack a higher education. This is true for all age groups from 25-29 through 60-64 and is more severe in men than women. Death rates for Hispanics and Blacks are higher but at least they continue to decline. “In 1999, the mortality rate of white non-Hispanics aged 50--54 with only a high school degree was 30 percent *lower* than the mortality rate of blacks in the same age group; by 2015, it was 30 percent *higher*.” Nothing similar has been found in nations with the same degree of economic development.

A proposed explanation is that the well known changes in the American economy – the decline of manufacturing and organized unions that made for well paying jobs regardless of advanced schooling. This led to a cumulative disadvantage which the authors characterize as the subversion of the economic concept *return to experience* – those that have faithfully labored for years expect the benefits for their work to present themselves as they age. Instead they have nothing to show for it, not even a growing real wage, and finally, not even a job or a desire to continue looking for one. Thus – despair: drug and alcohol abuse, suicide. The authors determined that those born in 1955 were the first to begin this trajectory which showed itself in 1990 as they entered middle age, but all age cohorts since then have followed suit.

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Another study deals with issues similar to the Brookings report. This from the IZA: Institute of Labor Economics (initiated by the Deutsche Post Foundation) entitled, *Bilateral Relationship Between Depressive Symptoms and Employment Status* (Bubonya, Cobb-Clark, Ribar). “The incidence of depressive symptoms is higher if individuals have been out of a job for an extended period. Men’s mental health falls as they exit the labor force, while women’s worsens only after they have been out of the labor force for a period of time.” That this study was funded by a German entity, and all the authors are Australians suggests a world wide problem in at least developed nations. The World Health Organization depression estimate for 2015 is 300 million. Taking into account the vastness of the problem in North America, Europe and other developed areas of the world, then good places to study for lessons in sanity might be nations such as Haiti, Zaire, or Bangladesh. But what is certain is that depression is triggered (popularly known

as the cause) by social conditions. The areas of the brain pointed to by neurologists are where the game is played out.

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The Federal Reserve Bank of San Francisco's research department has developed a new way to determine consumer sentiment that appears to be more accurate as a forward projection of the economy than the reports published by the Conference Board and the University of Michigan. It involves a computational text analysis of financial media that merges data with emotional content. The latter utilizes pre-defined groups of words that linguistic experts say express certain emotions. The research group decided on the Kanjoya Model. Now they only have to deal with the ingrained bias of the financial press itself. That's why sentiment is best determined by directly observing how the victims of the system react to its attacks on their well being.

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The Fed is sending out feelers that it might soon start liquidating some of its balance sheet which contains about \$2.5 trillion of treasuries along with a trillion or two of mortgage backed securities, etc. Of course it would love to have plenty of buyers that will keep yields low. 43% of the almost \$14 trillion of debt outstanding is in foreign hands. But now many foreign sovereign securities that once had negative yields have returned to positive territory and many investors may now prefer to keep their money at home. Currently American yields are much higher than those considered equally safe, but purchasers of such foreign debt must also insure their investment thus narrowing the profit margin.

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Dudley, President of the NY FRB presented a paper entitled *The Importance of Financial Conditions in the Conduct of Financial Conditions* the gist of which is that Fed actions have little effect on the real economy because the endless boom in financial assets dominates the thinking of all those people that matter when it comes to altering the state of the economy. Therefore the Fed should aim their actions at that sector of the economy. In other words, since they've juiced the secondary part of the economy because that was only area that could simulate a recovery, they may as well focus their decisions on that tail as it strains to wag the dog. If Dudley gets his way interest rates should rise more quickly because the strain is endangering the last spark of economic life.

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Martin Shkreli, the shitty face of world capitalism, revealed in a New Yorker magazine interview that he may have precipitated the demise of Steven Cohen's hedge fund SAC Capital. One of Shkreli's hedge fund invested in Elan pharmaceuticals. On the day it was to announce the results of a study to determine the effectiveness of a new Alzheimer's drug Shkreli observed wild gyrations of its stock valuations. He was convinced it was caused by insider information being exchanged and reported his thoughts the NYSE suggesting they halt trading until the study results are reported. That led to a federal investigation and the

conviction of a SAC trader, which led to a larger investigation of the company as a whole, which led to a billion dollars worth of fines and the liquidation of the hedge fund. The drug was a bust and Shkreli lost a bundle, but no doubt he felt better after a much larger player lost much more.

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