

When is a World at War not a World War?

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Answer: When it functions like a bubble economy before it bursts.

According to the Deutsche Bank 11.7% of the world population is currently at war. Ukraine, Syria, Iraq, Israel, Palestine, Lebanon, Aden, Libya, Algeria, Chechnya, Afghanistan, Pakistan, Egypt, Sudan, and all of central Africa. Not to mention the low intensity war of armies against its own people, like Brazil's invasion of favelas, Colombia endless civil war, and the mob rule of the elites in "the world's largest democracy" - that hellhole known as India.

Seems rather ominous - like the last thread holding the world together is about to become undone. But not to worry, things are tight in the gated countries of the First World where the only outbursts are of the 'blowing off steam' variety - Occupy and the Indignados. Looking down from their peaks of prosperity the elites can barely see the wisps of smoke from the world that is burning beneath them.

The connections between world conditions and the world economy should be obvious. In the seven years since the most serious crisis in the history of capitalism (taking in account the new measures implemented during and after the former record holder that were supposed to prevent another) the elites have more than recovered their losses - much more. Their personal wealth has multiplied many fold. Combined corporate profits are at record levels. Meanwhile, real income and the standard of living of the working class continues to creep lower in even those countries with the 'strongest recoveries' like the US, UK and Germany, and with a rush in countries like Greece and Spain.

As for the rest of the world -- their misery is reflected in the proliferation of boat people and the childrens' crusade to El Norte. Since people, whether thriving or dying, reach those conditions through the economic and social relations they must live in, the failure of the world economic braintrust to lift the world with its alchemic mass-less weight-less paper storm has produced instead the gravest consequences.

Soon the elites may be feeling a bit of creep under their own feet. Shortly after the collapse economists were very confident that housing, historically the most powerful force for growth in the American economy, would uplift us from our depths of despair. Those early sentiments are now an embarrassment - happily erased from the public memory by lack of repetition.

The National Association of Homebuilders had projected a major rise in new home sales for June. Instead, there was an 8.1% decline to an annualized number of 406,000. To make matters worse, May figures were cut by 12.7%, and April's by a smaller percentage. With QE ending in October and the Fed being more or less compelled to raise interests not long after, the housing future looks grim.

The retail sector is also failing. Projected in store sales have been cut and Amazon, the biggest online seller, posted a \$126 million loss. Most worrisome is that Amazon forecast lower revenue in the third quarter. Amazon has always lhad ow or no profits while retaining the confidence of investors with high revenue.

But there *is* a fascinating new record to report. General Motors has now recalled 30 million cars in the first six months of the year. Actually, I don't know if it's a record. I'm guessing - just like the people that run the world, and we're both also wondering what exciting new records are in store.

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