## Are you Pent-up?

Written by Bruce Enberg
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Federal Reserve Chair Janet Yellen just introduced a new term into Fed Speak', "pent-up wage deflation". This seems to be an effort to explain away the problem of stagnant wages in the US economy that are not allowing the Fed to meet its 2% inflation goal by blaming it on the "inability or unwillingness of US firms to drastically cut wages" after the Bush collapse in 2008. This, according to the Fed, is making it possible for companies to now expand employment without raising wages. Ms. Yellen did acknowledge that real wages had been declining for some time prior to the crash (real wages have been declining for 33 years, but who's counting).

Deflation is always the goal of an economic collapse as this further enriches the hoarders of cash since they can buy more assets for 10 cents on the dollar, and drastically increases the burden on anyone who is in debt since they now owe a much bigger percentage of their declining income on devalued property.

The conclusion that the Fed has jumped to is that wages could start to rise rapidly once this 'pent-up wage deflation' that's currently causing stagnation in wages is exhausted. Companies would suddenly be forced to start paying significantly more for labor. In that light they're planning to end their QE3 bond buying program in October. This happens to be just in time for the election. If this happens to trigger a huge decline in the Stock Market (as investors return to bonds), I wonder whom the voters will blame for this even if the economy itself is in an accelerated recovery?

You can bet the corporate networks will be dutifully telling everyone about the billions that disappeared from their 401(k), never mentioning that their 401(k)s must inevitably lose money because looting them is where Wall Street is getting their billions. Nobody in their right mind should put money into a 401(k), it ranks up there with planning your retirement around buying lottery tickets.

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Twitter @BruceEnberg - where we are not 'pent-up'.