

We're not Fair and Balanced, we tell the truth

Written by Bruce Enberg

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New unemployment claims dipped to 284,000 in the past week, and this is the lowest number since the week of February 18 2006. This was about the time that it became apparent that the Bush Depression was going to happen. History tells us that without significant gov't intervention it takes about ten years to recover from a Bank Panic, that's what they used to call these things prior to the New Deal that made bank crashes impossible to happen. Of course Reagan, Bush, Clinton & Bush undid all of those regulations and safeguards with the predictable result.

So now we're seeing the recovery start to pick up speed, but let's be clear, it's not because Obama has been able to do much to fix things. He just hasn't done any new damage and has more or less kept the Republicans in check. Corporate America is another matter, despite record stock prices, record profits, record CEO salaries and trillions in cash on hand they are refusing to invest at pre-crash levels. Just returning to those levels of investment would create 2 million new jobs, but they'll have none of it, and why should they? Things are going swimmingly for the very few at the top and it only stands to get better for them as the US drifts into its place as the largest third world economy.

The Federal Reserve has been trying to force their greedy corporate hands by creating inflation with only modest results. The Fed is basically too timid to take the kind of 'reckless' action that it would take to convince corporate America that they'd better try harder to make money, or watch their personal holdings evaporate to inflation. Or maybe they're really all in on it, or at least enough votes on the Fed Board are complicit to keep them from doing much more than keeping deflation from happening. That was the purpose of holding trillions in cash, we had been certain to a classic deflation spiral that would have allowed the cash hoarders to buy assets for 10 cents on the dollar. A 1000% profit is far better than working for a living.

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Congress could easily intervene with tax policies to stimulate corporate activity, and by re-criminalizing the practice of paying CEOs with stock, basically undoing the Reagan Revolution. Requiring the DOJ to actually enforce the Sherman Antitrust Act from Progressive era of the 19th century as well as the New Deal laws that haven't been undone would do much to stimulate corporate activity. None of that is going to happen as long as there is a Conservative majority on Capitol Hill.

There is some movement among Democrats to start acting like Democrats. A number of liberals in Congress actually understand economics and Progressive policy are starting hold sway with their colleagues. It helps that the Reagan Democrats are facing extinction, the guys with lunch pails and 401(k)s are all retiring only to find that their college educated kids are raising the grand kids in the basement. Change is in the air, and it's got the pungent smell of dirty diapers. Some people are finding the saying, "hold your nose and vote Democratic" has a whole new meaning.

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