

Do you like being chewed on?

Written by Reggie

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Initial unemployment claims dropped by 26,000 this week to a relatively low number of 350,000. If you weren't aware of that, it is to be forgiven as the main stream media wasn't really interested in telling you about it. They thought you would be more interested in being teased with the idea that Condoleezza Rice was actually being considered as Romney's VP, it's more likely Willard would dig up the corpse of Sarah Palin and run it.

JP Morgan Chase's stock price jumped driving up the stock market, supposedly on "news" that the losses on its derivative trading were "only" 5.8 billion instead of the 9 billion that has been reported. Nine billion is probably not even close to the actual loss, but what the hell, it's only paper. The trading operations of the Wall Street banks are more than big enough to drive the stock market, so what exactly does it matter? Unless you thought you would ever see that money in your 401(k). Sorry, but you probably won't.

A lot is being made of the Simpson-Bowles and Buffett interview on CNBC, it's being portrayed as if we are up against a fiscal cliff and Congress has to embrace austerity or else. They make much of the fact that since Bush drove us off the fiscal cliff (not that they mention his name) that we are at a huge risk of runaway interest rates driving the budget to unsustainable levels. We are spending 250b a year on interest (this is obscene). The thing is that we are borrowing money from rich people who have more money than they can get rid of with, **BECAUSE THEY DON'T PAY ANY TAXES**. In fact we don't have to pay any interest to borrow money, we can just print it in a responsible way. Borrowing from the rich is only a "convenience" for them, not a requirement.

An economy is a closed system, we print money to make the economy run. If somebody is hoarding cash, it is by definition a taxation problem. Treasury bonds are selling on auction at nearly zero interest rates (the higher the bid, the lower the interest rate), it's because rich people have too much money. In case you haven't caught on, it will never "trickle down".

Simpson, Bowles and Buffet are not economists, they see everything as a balance sheet. The same way a cat's brain is hard wired to see everything as a mouse. You have to look at these things the way they actually work, and not in a way that benefits only the very rich, or the cats. Unless you think the mouse should accept the way the cat thinks.

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