

# Market Euphoria: The Mother of All Ponzi Schemes

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*The bubble of all bubbles. A house of cards waiting to collapse, says Paul Craig Roberts.*

A great unraveling looms. America's economy based on market manipulation. Rigging things one way.

Smoke and mirrors deception. Money printing madness. Privatizing profits. Socializing losses. Upside down reality.

Shifting wealth in unprecedented amounts. More than what's comprehensible. To monied interests. From ordinary folks.

Stealing them blind. Creating ruler/serf societies. Notably in America. Enforced with police state harshness.

Why things haven't collapsed so far postmortems alone may best explain. It's coming. When what can't go on forever no longer will.

Global economic weakness crashed oil prices. Continuing south. A new wild card. A black swan event.

Market analyst Laszlo Birinyi calls it a market Hurricane Sandy. You don't know where it's heading.

On December 12, West Texas Intermediate (WTI) crude futures closed below \$58 a barrel. For the first time since May 2009.

Brent at \$62 a barrel. From a high of around \$115 in January. Perhaps heading for \$40 or lower. Replicating 2008-09.

Reflecting financial instability. Global economic weakness. Market rigging. Heavily impacting commodity exporting nations. Especially emerging ones.

Commodity prices overall at 2009 levels. Strengthening the dollar. Weakening emerging market currencies. Negatively impacting junk bond valuations. Rattling financial markets.

Manipulation sends them higher after dips. Until one day central bank intervention no longer works. Then economic collapse.

It bears repeating. What can't go on forever won't. Bubbles always burst. Imagine the ruin following the mother of all Ponzi schemes imploding.

A matter of when. Not if. How bad. How much global pain. Paul Craig Roberts writes often

about inevitable economic collapse. So does David Stockman.

Explaining what official sources conceal. Media scoundrels regurgitating misleading rubbish.

Stockman calls money printing madness and bailouts “the single most shameful chapter in American financial history.”

An ugly picture. A bleak future approaches. Reckless central bank policy and casino capitalism assure it. America is fiscally, morally, intellectually, and politically broken.

So is Euroland. When the mother of all Ponzi schemes implodes, watch out. Nothing will stop its free-fall.

Michael Hudson calls Ponzi schemes “arrangement(s) whereby early investors in a financial operation are paid out of money put up by new subscribers to the scheme, not out of actual profits.”

“Investor concerns are alleviated by promises of exorbitant and rapid rates of return resulting from a hitherto undiscovered technique of making money.”

Tout TV talking heads claim this time is different. Until reality overtakes hype.

Collapse comes when “new inflows of funds no longer continue to grow exponentially,” Hudson explains.

When what Stockman calls “high grade monetary heroin” kills investors. Discovering they’re the greater fools.

Predatory finance is more destructive than standing armies. Monied interests control things. Strip-mining economies for profit.

Hollowing them out. Casino capitalism replaced free enterprise. Ordinary people suffer horrifically.

Exploited. Swindled. Their welfare and futures stolen. Washington’s criminal class is bipartisan. Conspiring with business against populism.

Few benefit at the expense of most others. Hardwired inequality defines today’s America.

During Obama’s first term, the top 1% got 95% of all financial gains. In fall 2013, Stockman summed up the last quarter century as follows:

“What has been growing is the wealth of the rich, the remit of the state, the girth of Wall Street, the debt burden of the people, the prosperity of the beltway, and the sway of the three great branches of government which are domiciled there – that is, the warfare state, the (corporate) welfare state and the central bank.”

“What is failing, by contrast, is the vast expanse of the Main Street economy where the great majority has experienced stagnant living standards, rising job insecurity, failure to accumulate any material savings, rapidly approaching old age and the certainty of a Hobbesian future where, inexorably, taxes will rise and social benefits will be cut.”

“And what is positively falling is the lower ranks of society whose prospects for jobs, income and a decent living standard have been steadily darkening.”

Things today reflect a dystopian new normal. Historic patterns don't apply. America is a “floundering leviathan.”

Failing from its own shortcomings. Mismanagement. Greed. Ineptitude. Corruption on an unprecedented scale.

Corporate giants licensed to steal. Amounts beyond comprehension. At the expense of sound economic/financial management.

Multi-trillions of dollars of waste, fraud and abuse. Years of monetary heroin show how far off the rails Fed policy strayed.

Enriching monied interests more than ever. Virtually nothing helping Main Street. Expect Bernanke to be remembered as the economy wrecker of last resort.

Grand theft America continues. Money printing madness substitutes for stimulative economic growth.

Injected responsibly into the economy creates growth. Jobs. When people have money they spend it.

A virtuous cycle of prosperity follows. America once was sustainably prosperous. Polar opposite today. Heading for the mother of all train wrecks.

Reflecting crony capitalism's failure. Crime families run things. In Washington and corporate board rooms. Ordinary people shut out entirely.

Stockman's [latest article](#) is spot-on. Titled “Duck and Cover – The Lull Is Breaking, The Storm Is Nigh,” saying:

In 2008, “honest capital markets were begging for a purge and liquidation...” From speculative rot. Accumulated during Greenspan's years.

A Wall Street tool. A failed economic consultant. Followed by a “phony depression scholar.” Bernanke way exceeding Greenspan's damage.

Manufacturing an illusory “systemic breakdown. (An) all-consuming financial ‘contagion.’ (G)aining instant resonance throughout Wall Street and Washington.”

The best of all times for monied interests followed. The worst for Main Street. Bipartisan complicity with business arranged the world's greatest scam.

Stealing trillions of dollars. Extraordinary amounts. Courtesy of Bush and Obama. Accommodative Fed policy. Grand theft and then some.

“(T)oday's elephantine central bank balance sheets did not remotely exist just six years ago,” said Stockman.

“Indeed, they could not have been imagined back then – not even by Bernanke

himself.”

Helicopter Ben. Dropping enormous amounts of money on Wall Street. Ignoring Main Street.

It took the Fed's first 94 years “to grow its balance sheet footings to \$900 billion. (S)omething achieved by steadily plucking new credits out of thin air...”

For decades. Within six weeks of 2008's manufactured financial mayhem, Bernanke did the impossible.

Replicating what took his predecessors nearly a century to accomplish. He was just starting.

“Fighting the fabricated enemy of ‘contagion. (T)hwarting Wall Street's desperate need for a cleansing financial enema.”

By yearend 2008, nearly tripling the Fed's balance sheet. With lots more “financial heroin” to come.

Running the Fed's “printing presses red hot.” All-out. Other major central banks following suit.

When financial crisis conditions erupted, combined Fed, ECB, and BOJ balance sheets totaled \$3.5 trillion, said Stockman.

About 11% of combined GDP. “In short order,” the total reached \$11 trillion – 30% of G3 GDP.

Together with BOE, China, major oil exporting countries, Russia, India and Australia, central bank balance sheets exceeded \$16 trillion. Around triple pre-crisis levels.

Enormous amounts of central bank credit “did little for the real economy in places where the private sector was already at ‘peak debt,’ ” Stockman explained.

In America and Europe. “(U)niversally and thunderously...fuel(ing) a financial asset inflation the likes of which the world had never before seen.”

Tripling world capitalization. From \$25 trillion in March 2009 to \$75 trillion now. An astonishing \$50 trillion increase.

“(I)n a comparative historical heartbeat...” Doing wonders for financial markets. The world's top 1%. Accumulating more wealth like never before.

“(D)estroy(ing) the remaining vestiges of financial market stability and honest price discovery,” said Stockman.

Two-way markets vanished. Up an away replaced them. From March 2009 to now. “(T)he law of ‘buy the dips’ became unassailable.”

A can't lose strategy for profits. Courtesy of money printing madness. Market rigging. Casino capitalism like never before.

As long as “the central bank con job” continues, there’s “no reason not to buy, buy, buy,” said Stockman. Risk disappeared from the casino.

Sent underground. Heads and tails both win. As long as asset values rise, risk is “muffled and discounted.”

Why today’s “mother of all financial bubbles is so dangerous and palpably unstable.”

“(F)inancial time bombs (are) planted everywhere...” Because central bank policy “mispric(ed) nearly” all financial assets.

“(I)n a zero interest rate policy (ZIRP) world,” speculative “collateral chains” are untraceable. Until they erupt. Risk returning with a bang.

What’s happening now, says Stockman, is “risk coming out of hiding.” Collateral chains are “buckling.”

Financial time bombs are “exploding.” For the third time since year 2000. With a new wrinkle this time.

Expect carnage to be much worse than before. Because of a “tsunami of central bank credit...” Money printing madness.

Magnitudes greater than ever before. “(M)ore virulent” than in 2000 and 2008. When central banks are “out of dry powder. (I)mpaled by ZIRP.”

Meaning massive more money printing can’t “be disguised as” stimulative macro-economic policy.

By “driving interest rates to extraordinarily low levels.” They’re rock-bottom now.

More explosive Fed balance sheet expansion “will be seen (as) an exercise in pure monetary desperation and quackery,” says Stockman.

His advice: “duck and cover.” A “monster” storm approaches. The likes of which perhaps exceeds anything seen before.

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