

Predatory Capitalism Failed

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Independent observers knew it long ago. Today's global economic crisis provides added confirmation. In 2008, a staunch champion of the system expressed second thoughts. More on him below.

An ideology based on inequality, injustice, exploitation, militarism, and imperial wars eventually self-destructs or gets pushed.

Growing evidence in America and Europe show systemic unaddressed problems too grave to ignore. They remain so despite millions without jobs, savings, homes or futures.

Imagine nations governed by leaders letting crisis conditions fester. Imagine voters reelecting them despite demanding change. OWS aside, one day perhaps rage will replace apathy in America. The latest jobs report alone provides incentive enough to try and then some.

On May 4, the Labor Department reported 115,000 new jobs. It way overstated the true number. Official figures belie the dire state of things. At most, two-thirds the headline total were created. Even that's in doubt.

Most were low-pay, part-time, or temp positions with few or no benefits. Decades ago, workers would have avoided them. Today, there's no choice.

The report also showed economic decline. Expect much worse ahead. In 2008, Main Street Americans experienced Depression. It rages today. Poverty's at record levels. Real unemployment approaches 1930s numbers. Dire conditions are worsening.

Announced job cuts are increasing. Hiring plans are down. Compared to year ago levels, they're off 80%. Income is stagnant for those lucky to have work. The private diffusion index measuring growth fell sharply month-over-month.

The unemployment rate decline reflects discouraged workers dropping out. They want jobs but can't find them. The Labor Department considers them non-persons. They're not counted to make official figures look better.

Moreover, the broad based Household Survey showed employment dropping 169,000. It was the second consecutive monthly decline. The Labor Department uses a "population and payroll concept adjusted" calculation. Doing so tries to compare monthly payroll and household figures.

The measure plunged 495,000 in April after dropping 418,000 in March. The calculation represented the largest back-to-back decline since late 2009.

At 63.6%, America's labor force hit its lowest level since September 1981. Since then, population totals grew from 229 million to about 312 million today. The state of the nation today reflects lots of people facing few jobs, and no policy to create them.

The employment/population ratio stands at 58.4%. Alone, it represents a shocking testimony to failure. So do other data. Long-term unemployment remains near record levels. Credit deleveraging continues. Housing's in its worst ever depression. Prices keep falling. Inventories of unsold homes are huge. Foreclosures are at epidemic levels.

State and local downsizing continues. Personal income suffers. Conditions are bad and worsening.

On May 4, Pimco's Mohamed El-Erian headlined his [Financial Times](#) article "Confirmed: America's jobs crisis," saying:

"Friday's US jobs data sound a warning that should be heard well beyond economists and market watchers."

Americans with jobs have poor ones. Wage growth is stagnant. Purchasing power can't keep up with inflation. For ordinary Americans, secular income headwinds blow at gale force strength.

Crisis conditions today make "a mockery of the published unemployment rate of 8.1 per cent....The economic implications are clear." At a time, Europe's recession deepens, America's declining.

Risks are increasing. A "potential (austerity caused) year-end 'fiscal cliff' (may) suck out some 4 per cent of GDP in purchasing power, and do so in a disorderly fashion."

Instead of addressing crisis conditions responsibly, political Washington campaigns for reelection, and plans huge domestic budget cuts when stimulus help is needed.

Main Street Americans are pushed to the edge. Potential "social consequences" suggest "the possibility....of a lost generation."

Unemployed teenagers "face the risk of going from being unemployed to becoming unemployable." Today's reality is bleak. It reflects "a multi-faceted unemployment crisis that politicians, both in America and Europe, are failing to comprehend, unite around, and respond to."

"I worry greatly that facts on the ground will unfortunately warrant future analyses to be even more disheartening."

Alan Greenspan's Too Late to Matter Mea Culpa

As Fed chairman for nearly two decades (1987 - 2006), he engineered today's crisis. Some call him the Maestro of Misery for good reason. Those benefitting most sing his praises. In 2008, he had second thoughts.

A longtime Ayn Rand disciple, he strayed noticeably in October 2008 House testimony. Her libertarian views influenced his. She championed regulatory free markets. So did Greenspan.

He practiced what she preached.

Perhaps House Oversight and Government Reform Committee members couldn't believe their ears. He acknowledged his worldview failure, saying:

"You know, that's precisely the reason I was shocked, because I have been going for 40 years or more with very considerable evidence that it was working exceptionally well."

While trying to have it both ways, he admitted his faith in regulatory free markets was shaken, saying:

"I made a mistake in presuming that the self-interests of organizations, specifically banks and others, were such as that they were best capable of protecting their own shareholders and their equity in the firms."

"The Federal Reserve had as good an economic organization as exists. If all those extraordinarily capable people were unable to foresee the development of this critical problem...we have to ask ourselves: Why is that? And the answer is that we're not smart enough as people. We just cannot see events that far in advance."

In his book "Secrets of the Temple: How the Federal Reserve Runs the Country" [William Grieder](#) called Greenspan one of "the most duplicitous figures to serve in modern American government."

He used "his exalted status as economic wizard (to) regularly corrupt the political dialogue by sowing outrageously false impressions among gullible members of Congress and adoring financial reporters."

His ideology was hokum. Somehow he managed a Columbia doctorate without its dissertation requirement. His economic consulting firm flopped. It faced liquidation. He closed shop to join the Fed after serving earlier in the Reagan, Nixon and Ford administrations.

His background in government got him his job. His inability to forecast made him a perfect Fed choice. So did his reliability to serve monied interests over populist ones.

Saying he got it wrong after the fact hardly matters. Where was he when it counted. In 2006, Bernanke replaced him. He made a bad situation worse. Since 2008, he more than tripled the Fed's balance sheet from about 6% of GDP to 20%.

His day of reckoning approaches. Perhaps in future congressional testimony, he'll address his own shortcomings. Doing it when it counts matters. After the fact turns memoirs into best-sellers.

His cross to bear and Greenspan's could fill volumes. Millions their policies harmed won't line up to buy them.

How can they? They're broke, on their own, out of luck, and unreceptive to hear defrocked Fed chairmen say they're sorry. If so, they'd have done it right in the first place.

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