

Uncharted Troubled Economic Waters. Global Recession, Fear-mongering and the COVID-19 “Trigger Mechanism”

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Region: [USA](#)

Theme: [Global Economy](#)

There's much more to fear about crashing markets on 401(k) retirement plans, protracted economic recession, perhaps a looming depression, than a global COVID-19 pandemic that doesn't exist.

Public health reality distorted by fear-mongering is radically changing how most people are going about their daily lives.

In the US, there are only around 3,700 confirmed COVID-19 cases, around 65 deaths in 12 US states.[March 15 data]

These are **far short of numbers warranting panic** at a time when calm, good personal hygiene practices (important always for good health), and governance serving everyone equitably is needed.

The latter is sorely lacking, just cause for public angst, anger, and motivation for positive change, not panic.

Ahead of its scheduled March 17 meeting, the Fed cut interest rates by 1% to near-zero at a time when large-scale fiscal, not monetary, policy is needed.

In a weekend update, Shadowstats economist John Williams noted Fed panic at a time when “market, economic, social, and political turmoil are just beginning” because of years of unprecedented excess.

COVID-19 is the pin that popped grossly inflated markets from over a decade of overly accommodative Fed policy for investors and profit-making at the expense sound economic policy.

Williams noted that Fed “loss of systemic control (was) brought to a head by the coronavirus crisis, exacerbated by collapsing oil prices.”

The latest data from China's bellwether economy are a shot across the bow for what's likely coming ahead globally.

Its year-to-date retail sales crashed an unprecedented 20.5% in modern times, far exceeding a projected 4% drop.

Industrial production collapsed 13.5%, its first ever reported decline.

Fixed asset investment plunged nearly 25%, another first ever drop. Property investment is down over 16% year-to-date, unemployment at a reported 6.2%, a record high in modern-day China.

Much more pain is likely ahead before recovery and a return to growth occurs — what's happening in China already spreading worldwide.

Commenting on the latest data, the South China Morning Post (SCMP) said the nation's economy "suffer(ed) (a) dramatic collapse in January (and) February, (a) warning to (the) rest of the world" about economic hard times ahead.

Williams believes the US already is in recession that's "deepening." He expects downside revisions to earlier economic data, including GDP, retail sales, and other major indexes.

February producer prices "plunged at its steepest monthly pace in five years."

Unemployment will likely rise significantly as companies begin laying off workers in light of growing economic weakness.

Real unemployment currently is 21.1% — based on how it was calculated pre-1990, including millions of discouraged workers considered nonpersons in the US today and not counted.

Williams: It's "increasingly obvious that the Federal Reserve has lost control of the US banking and financial system."

"A great financial crisis and recession are unfolding."

COVID-19 "exacerbated an already deepening recession, based on significant anecdotal evidence."

It'll show up to some extent in Q I data, much more dramatically in Q II and beyond most likely.

Despite US equities sharply off their February highs, they remain greatly overvalued and vulnerable to further valuation declines, monetary policy unable to reverse what's going on when substantial fiscal stimulus is needed.

Williams and other economists believe economic and financial disruptions are in their early stages, much more to come.

The message of the markets is that the chickens are coming home to roost after over a decade of monetary excess. It was just a matter of time.

At the same time, fiscal stimulus putting money in people's pockets for spending to create economic growth has been and continues to be lacking — because of bipartisan indifference to public health and welfare.

Focus in Washington is on markets, investors, corporate profits, and transferring wealth from ordinary people to business and high-net worth individuals while protracted main street depression conditions go unaddressed.

Since the neoliberal 90s, poverty, unemployment, underemployment, homelessness, food insecurity, hunger, overall deprivation, and human suffering have been growth industries.

Countless trillions of dollars are spent on militarism, endless imperial wars, the Pentagon's global empire of bases, and corporate handouts to Wall Street and other business favorites.

At the same time, popular needs increasingly go begging, social justice on the chopping block for elimination.

The world's richest country USA was thirdworldized to benefit privileged interests exclusively at the expense of beneficial social change — control maintained by police state harshness.

Monetary policy by Wall Street's owned and controlled Fed produced earlier systemic crises, perhaps economic collapse ahead after decades of unprecedented mismanagement and excess.

The late Bob Chapman, founder and editor of the International Forecaster, predicted an eventual economic train wreck, only its timing, depth and duration unknown, saying:

"Untenable political and financial decisions put US and European economies on a collision course with disaster."

"Bailouts and market manipulation delay(ed) the inevitable." A tipping point approaches. Unprecedented debt accumulated is "unrepayable."

"How can anyone have confidence in a broken system? Unsustainable is the operative word."

Republicans and undemocratic Dems serve monied interests exclusively at the expense of world peace, equity, justice, and times like now when vital federal aid to public health and welfare are needed.

In December 1963, weeks after JFK's state-sponsored assassination, Malcolm X delivered what's called his chickens coming home address, saying:

Chattel and now wage "enslavement of millions of Black people in...White America" brings the nation closer to its "hour of judgment, (its) downfall as a respected nation," adding:

"(E)ven those Americans who are blinded by childlike patriotism can see that it is only a matter of time before White America too will be utterly destroyed by her own sins, and all traces of her former glory will be removed from this planet forever (because it) refuses to study, reflect...learn from history" and change its destructive policies.

Malcolm warned that sooner or later chickens would come home to roost.

While only hindsight will explain what's unknown at the present time, excesses can't go on forever and won't.

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