

TABOO OPINIONS #4

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For Adults Only!

4-14-04 The President's major, broadcast news conference last night proved that George W. Bush has reached his level of abject failure. He was, I guess, competent as the governor of Texas. But as President of the United States he seems a moron...or under heavy medication.

He refused to answer---or was incapable of understanding---repeated questions. He retreated to denials of reality, to 'talking point' responses, to non sequiturs and other shameful evasions.

I was ashamed of him...and ashamed for him, since he has no shame.

I predict---as his Iraq adventure goes even more sour and begins to rot and stink in the coming months---that he will become known as the worst President EVER.

4-14-04 To my mind, to understand the U.S. economy, you must accept the cycle theory of boom-bust capitalism.

The longest wave, or cycle, for us has lasted from the Great Depression to about Now. Briefly, modern capitalism has become finance capitalism. The only way to get our economy out of a recession or out of neutral has been to stimulate it with a big injection of new money---debt.

Over the decades the new debt stimulus required has increased tremendously. And now, in extremis, the debt structure is so huge and unstable that it cannot be expanded much more in order to stimulate the economy.

The law of diminishing returns has set in, big time. We have created a housing boom, a stock markets boom, a credit card/debt boom, a mortgage boom, a corporate debt boom, a government debt boom---and our short-term 'recovery' is already showing signs of failure. And we have to pay interest on all that debt!

All those trillions of new debt has almost run its course through the economic bloodstream to little avail. The economy will need more stimulation next year (or even later this year) and where can it come from? Foreign investors have been subsidizing our economy by buying and holding our debt (so that we can buy their goods) but that game is about over.

The dreaded D-word (Deflation) is being whispered in the highest places.

Deflation now means the debt structure will collapse as people, corporations and cities, even states (and many countries) will be unable to pay their bills and will default on debt. Trillions of dollars will be wiped out. A chain reaction of defaults will cause 'emergency sales' at sacrifice prices in order to move merchandise. The money supply will shrink to 50% --- 25% --- eventually 10% of its current size...and prices will have to shrink to fit. And wages will shrink to fit.

Terrible trauma. Huge social and political changes. Worldwide.

For a generation or two debt will be shunned. But as decades pass...the long wave of the debt cycle will set in again. Wars will help. Debt is ok during a war. Right?

Watch it happen. It's right in front of your nose.

END FOURTH ISSUE