WALL STREET

"Buckle your seat-belts everyone. If the Fed is subsidizing Wall Street to the tune of 6 trillion over just 6 weeks, this suggests that another serious economic meltdown is on the horizon. I know economic "experts" are telling everyone it's perfectly normal but what do you expect them to say? They don't want people to panic. That's also why in real estate we are seeing dangerously relaxed lending criteria again. I also hear ads on the radio offering people cars with no credit and $20 down. I've also been getting an increase in calls from people who are falling behind on mortgage payments.

All of these signs suggest that the bubble is going to burst again because we are repeating obvious mistakes from less than a decade ago. It's like 2008 didn't happen. The system is obviously rigged to benefit the few at the expense of the many. It's not economically or environmentally sustainable.

Can you imagine being so privileged and powerful that the Fed behaves like your own personal piggy bank? It's sick and twisted. Yet that seems to be the relationship between Wall St and the Fed. And you know how many politicians get rich on insider trading.

You know what cannot end soon enough? Citizen's United and Corporate welfare! This corporate racket needs to be exposed and swiftly ended. I want democracy, equality, justice and peace, not to be trapped in an existentially threatening state of inverted totalitarianism."

- comments of Marilyn Jordan Lawlor

If the Federal Reserve was looking for a media lockdown on news about the trillions of dollars in cumulative repo loans it has funneled quietly to Wall Street's trading houses since September 17 of last year, it could not have found a better cloud cover than Donald Trump.

First the impeachment proceedings bumped the Fed's money spigot from newspaper headlines. Then,, as the Fed released its December meeting minutes at 2:00 p.m., with its highly anticipated plans to be announced for the future of this vast money giveaway to Wall Street, that news was ignored as the media scrambled to cover Trump's "***termination***" of General Qasem Soleimani, the head of Iran's Quds Force, which raised the immediate specter of a retaliatory strike against the U.S. by Iran.

The Fed's minutes revealed that after multiple expansions of this vast money spigot, which was previously set to lapse in January after getting the Wall Street trading houses through the year-end money crunch, instead it may be extended through April. The minutes read as follows:

"The manager also discussed expectations to gradually transition away from active repo operations next year as Treasury bill purchases supply a larger base of reserves. The calendar of repo operations starting in mid-January could reflect a gradual reduction in active repo operations. The manager indicated that some repos might be needed at least through April, when tax payments will sharply reduce reserve levels."

Corporate and individual tax payments occur every April. The Fed offers no explanation as to why this April is different and requires a multi-trillion-dollar open money spigot from the Fed.

The Fed's minutes also acknowledge that its most recent actions have tallied up to ***"roughly $215 billion per day"*** flowing to trading houses on Wall Street. There were 29 business days between the last Federal Open Market Committee (FOMC) meeting and the latest Fed minutes, meaning that approximately $6.23 trillion in cumulative loans to Wall Street's trading houses had been made in that short span of time. During the 2007 to 2010 financial collapse on Wall Street – the worst financial crisis since the Great Depression, the Fed funneled a total of $29 trillion in cumulative loans to Wall Street banks, their trading houses and their foreign derivative counterparts between December 2007 and July 21, 2010. At the pace it is currently going, it would eclipse that $29 trillion before the middle of this year.

And yet, there is no discernible financial collapse occurring on Wall Street. In fact, the Dow Jones Industrial Average and Standard and Poor's 500 Index achieved multiple record highs in the month of December 2019 – making it appear that the Fed's money to these trading houses is going straight into the stock market. That is about as far from the Federal Reserve's monetary policy mandate as it can get and yet there has been no editorial outcry from the Editorial Boards of American newspapers or any publicly announced Congressional investigation. The House Financial Services Committee just released its committee hearing schedule for January and there isn't a peep about a hearing to examine the Fed's unprecedented actions.

Pam Martens & Russ Martens
wallstreetonparade.com

An Anthropology of the Industrial Revolution

We tend to think of people in the past as just waiting for things to get better.

In the same vein, we have the common idea that 'people who lived in caves' must have been simply desperate for improvements to their lives between being chased by saber-toothed tigers. Something key to these interpretations of the past is that humans then are thought of as just like us now, as if we were suddenly transported back 100,000 years. There are four problems with this view.

The first is that if we think that 'uncivilized' humans struggled to survive, then how come they did so for at least 200,000 years before the rise of the first States?

The second problem is that if it was so hard for humans to survive without civilization then how do other animals survive now? Is life for them really a daily unrelenting struggle? Maybe we might argue that they do not have the consciousness that would tell them that their lives are brutish and short… but then how did conscious humans cope with 200,000 years of the knowledge that their lives were terrible, and how do present day uncivilized tribes cope? These people must have been constantly beset by depression and suicide! Of course, they weren't. And the only reason tribespeople and Indigenous peoples of today suffer from depression and suicide is because they have been dragged into civilization and have had everything they once had taken away.

The third problem with this notion is that it mixes in unsavory depictions of the past – such as in the 'Middle Ages' in Europe, and the beginnings of Industrialization – as if it was always like this, that habits of refinement, self-control, and consideration that are second nature to us had to be acquired. Although we can look back on aspects of the hardships of civilizations and be thankful that we don't have to endure particular rigors now, should we paint the whole of the past in that way?

The fourth problem is that by looking at the past like this we are forced to logically conclude that all previous societies were a little misguided about things, or simply a bit stupid. The flip side of such a self-congratulatory view of our towering present-day 'wisdom' is a dangerously pejorative judgement of those 'uncontested tribes' who live without civilization.

The Mistake of Civilization

Instead of viewing the story of humanity as a continuous narrative with progress as the underlying motor I would argue that there are two world-significant physical events that happened in the past that are crucial to understanding present-day human society. These events were both 'misfortunes.

The first was the emergence of hierarchy and exploitation that is expressed in the formation of a State or civilization – an environment where people submit to voluntary servitude.

The second was the emergence of capital-ism as the globally dominant economic form. It is this second one that I want to elaborate on.

We all probably have a vague idea of what capital-ism is: private – or State – ownership of the means of production, wage labor, money economy, alienation, 'consumer society,' supply and demand, and so on. But capital-ism did not always exist, something specific brought it into existence, and we can sense that capital-ism is different to all previous economic forms because of the remarkable phenomenon of the Industrial Revolution. Suddenly three hundred years ago the scene was set for going from handloom to power-loom weaving, to trains, cars, to splitting atoms, to computers, and smart phones.

The Industrial Revolution was NOT the natural culmination of five thousand years of the rise and fall of civilizations since Mesopotamia, it was NOT the result of a growing intelligence in humanity that enabled individuals to master what we call science and technology, it was the coming together of the weaving industry, dominated by work-ethic oriented Protestants; gold from the Americas; and the Atlantic Slave Trade.

But the key factor was the new profit-making strategy developed by the weaving entrepreneurs. These merchants set up efficient supply and distribution networks around the core productive unit of the woolen weaver who worked at home, and crucially they ensured their weavers had efficient handlooms to enable higher productivity. The gold and the slavery, and the Protestantism, only helped support the new economic method and ensure that it had the space and time to spread to other ventures and become universally successful. The new economic method was the extraction of 'relative surplus value,' as Marx termed it. The method fitted in perfectly with the emergent work ethic of the Protestant movement in Europe – and the gold and the slavery buoyed up the new environment until it was fully established. But it was the extraction of 'relative surplus value' – in a word, capital-ism – that ultimately and essentially triggered the Industrial Revolution.

Whether workers are slaves or peasants or hired labor is not the issue for defining a capital-ist enterprise – it is the fact that profits are used to generate even greater profits by investing in improved production methods, and that money is not left idle.

Mining Humanity

In capital-ism people became a special type of resource in an enterprise – one that can be eternally adapted to work at different rhythms, in new situations, with new machinery and processes – this happened because entrepreneurs realized that humans were adaptable and could learn new skills. By the time the European working class emerged from the 19th century, even though many dreamed of a better world, they had all absorbed the work ethic promoted by the ruling classes. Slaves and newly colonized peoples –

who had perhaps been warriors and suchlike in their previous lives – often simply died from the incessant work they were forced to do.

So, what about the Industrial Revolution and its aftermath? The social organization and astonishing technology we see in the world around us is less the invention of bright people who have been well-educated and more the product of the imperative to increase relative surplus value, the particularly capital-ist way of increasing profits. The appearance of the steam engine owes more to the strategy of acquiring relative surplus value than it does to the acclaimed genius of James Watt. The consequences of the emergence of the systematic acquisition of relative surplus value were increased monetary wealth for a whole class – who, crucially, knew that to stay rich they had to keep innovating and investing. The emergence of the 'science' we have today was not the culmination of eons of human ingenuity – it was the result of this same particular method of pursuing wealth, as it still is.

It was only during the sixteenth century that capital-ist production had become the dominant economic mode in western Europe. It is only in a fully capital-ist mode of production that the whole of society is geared towards, as well as determined by, the raising of the relative productivity of each worker. This is the motive for technological innovation. It is why today, when capital-ism has become part of our very DNA, we witness a proliferation of James Watts'.

So, the enormous technological 'achievements' during and after the Industrial Revolution are not some magical culmination of human history – they are the specific result of a society that emerged by organizing itself on the principle of being able to extract an infinite sum of profit from the ever-adaptable resource of the human being.

Thanks to **Peter Harrison**
& ***counterpunch.org***