

## Money Matters

### Japan Continues To Enforce Depression While Inflation Rages

Elaine Meinel Supkis

Understanding the very sick, dangerous relationship between the yen and the dollar is key to understanding why this particular arrangement is running aground on a sand bar of economic reality. The USA and Japan have both embarked on a scheme to defraud and render poorer and poorer the working class. The rich get richer, the poor get poorer in both countries and this is a machine deliberately designed by both governments.

#### From the ASAHI SHIMBUN

But as questionable as standards may have been in days gone by, it seems they have managed to get suddenly worse.

As one 11-year old boy, who is a fifth-grader at an elementary school in Kobe, solemnly declared: "The lunches have been getting shabbier since I entered first grade."

School lunches offered at public elementary and junior high schools in the Hanshin area--the districts between Osaka and Kobe--are getting "stripped down," if not downright bare.

Prices for basic ingredients such as milk and meat have escalated in recent years, forcing budget-minded authorities to cut back on lunch servings and pull popular treats from the menu.

Throughout the entire last decade, the government of Japan and the industrialists have ratcheted down everything in a brutal attempt to create the impression of a depression. When the yen rose in value and was at 86 yen per dollar, the export market of Japan's capitalists collapsed. The rise in interest rates caused the housing balloon to deflate and lots of Japanese lost asset values. To fix this, the government conspired with the business class to eliminate inflation and stop Japanese tourists spending money overseas, I know that New York City was flooded with Japanese tourists on shopping trips thanks to the strong yen back then.

Under this new, vicious regime, the Japanese export market has bulldozed American industry, imports from America have collapsed and the banks in Japan can get away with paying savers in Japan virtually no interest at all on savings while loaning these savings to the business conspirators at an insanely low rate.

Now, to keep up the pretense there is no inflation, they are going to starve school children to death? This isn't the only area the government goons are going after seeking to drive down costs ruthlessly.

#### From The Lancet:

Japan moves to guard against future health-spending rises

Yup, they will literally kill off excess population and reduce vital services! Artificial caps that make it look like things are getting cheaper leads to poorer care. England does this too which is why their health care system looks more and more like some third world dictatorship. The USA's capitalists who are richer than any time in our history, are trying to persuade us that we need to ape these monsters and have a mini-Japan where the rich pound

the poor into the ground by grinding off inflation via reducing the life-sustaining situation of the masses.

From the International Herald Tribune:

This blatant appeal to hierarchy comes as Japan - the world's second-largest oil importer, after the United States - charts a sartorial revolution intended to cut summer air-conditioning bills.

The dark business suit, the beloved uniform for generations of salarymen, is supposed to stay at home this summer as all public and private offices - in a bid to save energy and reduce output of global warming gases - are to set their air-conditioners at a sweltering 28 degrees Celsius, or 82.4 degrees Fahrenheit.

"Japanese often feel they cannot do this or that if their bosses are not doing it," said Yoshihisa Fujita, the Environment Ministry official in charge of the campaign. "We targeted top executives of major corporations to lead the movement because smaller company employees would feel, 'We cannot remove neckties when our customer company people wear them.'"

This is typical: in order to cut imports of expensive energy, the government works with the business leaders to degrade working conditions. At each step, wherever money can be saved, it is being done with brutal force. This isn't people not buying stuff, this is buildings and systems run by businesses and government reducing services as much as possible to make fake savings.

This isn't because Japan is poor and needs to conserve, save and can't buy anything, the capitalists of Japan are on a global buying spree, they have huge reserve funds, huge. And these funds are ballooning at an alarming rate as far as the USA is concerned.

From FX Street.com:

Meanwhile, the yen came under mild pressure after a government report showed Japan's core consumer price index slipped 0.1% in February, the first year-over-year decline in ten months. The reading was in line with expectations.

The inflation reading "highlights the divergent pressures on the Fed and the Bank of Japan," said David Watt, senior currency strategist at RBC Capital Markets.

"Elevated core inflation is keeping the Fed from seriously considering the rate cuts priced into the market, while lingering deflationary fears in Japan are keeping the BoJ from raising rates and absorbing liquidity as quickly as many had expected," he said, in a note.

Separate data showed Japan's unemployment rate remained steady at 4% in February, continuing at an eight-year low, while industrial production dropped 0.2%.

Elsewhere, the country's household spending improved markedly, rising 1.3% on a year-over-year basis.

Universally, during depressions, people are unemployed in huge numbers. In our own last Great Depression, over a quarter of the population was unemployed and quite a few starving to death. We see the 'starve them to death' side of the equation but Japan has had full employment now for nearly a decade?

And the 'household spending' side of this story is amazing: this is called 'inflation' and the spending is rising not because the Japanese workers are feeling flush but because their backs are up against the brick wall built by the

government and capitalists which prevents any Japanese worker from saving money in a bank and earning any interest on it!

And the talk about 'lingering deflationary FEARS' is 100% propaganda, fairy dust thrown in the eyes of the readers who have to imagine poor baby Japan, the world's industrial colossus, is suffering from deflation!

All other nations have inflation but Japan! All nations have realistic interest rates but Japan! This week, the USA has declared a trade war on China who has much more realistic currency and interest rates than Japan and yet not one agent working for the USA (HAHAHAHA) is doing a thing about the yen and Japanese invasion of American markets.

From the International Herald Tribune:

Kokusai Global Sovereign Open, the world's second-biggest bond fund, increased its holdings of yen debt in February and March for the first time in almost a year as the extra yield it earns in the United States declined.

The \$45.8 billion fund increased its holdings of yen-denominated bonds to 8 percent from 7 percent, said Masataka Horii, one of the managers of the company, which is based in Tokyo. Kokusai bought as the yield premium for investing in 10-year notes in the United States instead of Japan narrowed to 2.95 percentage points from 3.22 percentage points on Jan. 25.

"Even though the spread between the U.S. and Japan is still huge, it will narrow a little," said Horii, whose fund has 1.45 million customers. "The Bank of Japan will hold its policy rate. The Federal Reserve may cut its federal funds rate " at least once in 2007.

We are going to cut interest rates while Japan keeps theirs at a ridiculous near 0%? We definitely have inflation here! The method we have used to cap inflation, shipping all our factories to China and all our office work to India, has destroyed our trade with the world and the dollar is weak against all currencies but the yen. The yen should be at around 78 to the dollar, not bouncing around 115-120 yen to the dollar. The ballooning FOREX reserves that are over a trillion dollars is proof Japan has a hostile monetary policy that is killing the USA's ability to run our own affairs.

From Bloomberg:

Japan's 10-year bond yields were the highest in more than a month relative to those of two-year notes on speculation rising land and fuel prices will stoke inflation.

The spread widened in the past week after a government report showed real estate prices climbed for the first time in 16 years in 2006. Bank of Japan Governor Toshihiko Fukui said yesterday policy makers will ``keep a close watch" on land prices. The gap between two- and 10-year yields in the U.S. reached its highest since June as consumers raised their inflation expectations.

``Japan's yield curve is tracking the shape of the U.S. curve," said Takashi Fujiwara, a trader at Resona Bank Ltd., a unit of Resona Holdings Inc., Japan's fourth biggest lender. ``Japan's bond market has already priced in a near-term decline in consumer prices, but rising land and oil prices are prompting investors to adjust their outlooks for inflation."

Oops. Inflation is happening despite all the continuing brutal measures imposed on the people of Japan! I bet the government will crush this, too. Only the rich own assets in Japan and they dearly would love to see property values rise but don't know how to pull this off while pretending there is this terrible depression and everyone must tighten their belts.

From Business Week 2003:

All of which makes the latest economic news out of Japan highly alarming. Put simply, the great Japanese savings machine is running out of gas. The rate of saving is dropping precipitously, which adds a new economic pathology to a country already traumatized by sick banks, deflation, and economic stagnation. "The high savings rate that has long been considered a strength of Japan's economy is in rapid decline," says Morgan Stanley economist Osamu Tanaka.

Consider the figures. Japan's savings rate topped 20% of household income in the mid-1970s and clocked 14% as recently as the start of the 1990s. It is now no higher than 7%, well below that of France, Germany, and Italy. And when final calculations are in for 2002, it may drop as low as 4% -- close to the rate of that revolving credit society, the U.S. (table). So far, the Japanese government shows few signs of concern about the drop.

What gives? Typically, consumers tend to slam their pocketbooks shut and accumulate savings during tough economic times. Japanese are doing the former but not the latter. Last year, consumption levels were flat, but earnings fell 2.4% -- the fourth decline in the past five years. That difference means families are dipping into savings to avoid limiting their lifestyles. The latest data, from 2001, show household savings took a massive hit. "Savings dropped by nearly 32% [about \$83 billion], marking the largest one-year decline ever," says Goldman, Sachs & Co. economist Kathy Matsui.

The economic professors and pundits in the news love to pretend that the Japanese people are big savers who have negative inflation so they are happy to get no interest on their savings. This is a LIE. It is fake, it is malicious and deliberate. It is fairy dust in our eyes. The Japanese workers are now accumulating debts, not savings and their wages are being forced downwards relentlessly. Their working hours and conditions are deteriorating, just this last month, the government tried to sneak in rules that would allow the bosses to work everyone literally to death!

This 2003 story is correct: workers, suffering from falling wages and rising prices, are dipping into savings to make ends meet! This does NOT happen in 'depressions'! Money is king in depressions! You have cash, you are in great shape! But when the cash buys less and less, this is due to inflation, not depression. If this were a real depression, the yen would be 78 to the dollar, not the exact opposite.

The Japanese government has conspired with our government to hide the truth from both the Japanese people and the American people. The only reason anyone is talking about trade problems and unrealistic currency valuations is because China is imitating Japan and stomping both Japan and the USA in to the earth. For Japan's rulers had to open up Japan to Chinese manufacturing goods in order to create the impression that prices were dropping and Japan and the USA have little to no inflation so workers shouldn't ask for raises, should they?

And we just passed through the biggest economic money expansion in history. Stocks and bonds both boomed and

the rich got much, much richer and they boast about all this. During a depression. Right.

And I'm the Tooth Fairy. With fangs.

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## Americans Are Advised To Save, Not Spend



Elaine Meinel Supkis

Depressions happen when people with credit refuse to tap it and everyone saves instead of spending. This is why Japan had a 'depression': the government and industrial corporate powers wanted to keep the trade deficit near zero so they discouraged domestic spending. Even as their 'economy' expanded overseas, Japan was in the doldrums. And oil goes up and the trade deficit soars and the economy declines.

From Yahoo business:

Change Your Ways - Now The best way to nullify worries about the chance you could lose your job? Behave as if you already

have. What spending could you cut back? Any expenses you could eliminate entirely?

You can't make these tough but necessary decisions if you don't have a clear picture of where your money's going, so the first step is to track your spending - something the Megges have never done and need to start doing now. Says Don: "It's not bad budgeting. It's not poor budgeting. It's no budgeting."

Once you know where your money is going, it's easy to make cuts. Did you get the deluxe package from the cable company? Downshift to a basic plan. Eating out three nights a week? Cancel your upcoming reservations. And pay down as much debt as you can, while you can.

Start Building a Cushion -Now Any and all money you save by cutting back should be socked away in case of an emergency. Set up a separate savings account that isn't linked to your ATM card - the more difficult your money is to access, the more likely you'll leave it be when you're at the mall. Under normal circumstances an emergency fund would equal six months of your income. That may not be possible right now, but put away as much as possible - every dollar counts.

During one's long life, there are times to spend, times for big, big debts and time to save. For example, I am 55, at the 'save as much as one can' stage. It has been hijacked by my spouse getting seriously damaged at work but nonetheless, we are in the 'saving' stage with no debts and a nice property which we worked hard to create.

My children are at the end of 'spend on education' and beginning of 'buying property' stage. They are at the age when they get a decent property, like I did 35 years ago, they opted for a rental/live-in dual apartment property. This is how I did my own first property at their age. This means learning to be landlords and being responsible for more than one residence and keeping an even keel while being responsible in many ways.

This also solves the problem of paying off studen loans. Already, one is leaving this realm and entering the prime earning years which means the tax write-off of interest on mortgages is enough if a residence without rentals is bought.

But when all population levels from starter to retiree all do the same 'save like crazy and buy nothing' we get a depression. And in Japan, to keep the trade surplus, the government and the industrialists enforced savings on people and they lived too frugally while at the same time, bankrolling American free-spending.

The pundit writing for Yahoo! gave this advice to anyone who is about to be downsized by closing of factories, etc. One reason why recessions and depressions are so bad is, when everyone follows 'good advice' spending collapses and everyone ends up unemployed and a vicious cycle of shutting down occurs.

#### From Market Watch:

Consumer sentiment dipped slightly in March as gasoline prices rose, according to the Reuters/University of Michigan consumer sentiment index.

The index fell to 88.4 in March from 91.3 in February and 88.8 in early March. The decline matched economists' expectations.

The expectations index fell to 78.7 from 81.5 in February, while the current conditions index fell to 103.5 from 106.7 in February. .

"Although the March survey recorded complaints about rising gas prices as well as the widespread expectation of future increases in gas prices, these concerns did not dominate the recent loss in consumer confidence. This may change in the weeks ahead," said Richard Curtin, of the University of Michigan.

When consumers are scared they stop spending and begin saving. And this is how we define depressions. The rate of monetary circulation slows down. Even a slight slowing means business is diminished. In the case of the USA, we went on a historic spending spree and this is now ending as it inevitably must. With negative savings, this is no surprise.

Thanks to UK/USA attempts at controlling Iran, oil prices have been relentlessly climbing. And oil refineries catching fire here have made prices jump which has increased inflation. All data showing 'more spending' are simply reflecting higher fuel costs.

From the New York Times:

But there is something new this time, energy experts say, in how drivers are reacting — or, more accurately, not reacting, even as the price of gas has climbed over the last two months to a national average of more than \$2.60 a gallon. It has topped \$3 a gallon in many parts of the country, particularly along the Pacific Coast.

In the late 1970s, OPEC oil shocks and gas lines persuaded most Americans to sacrifice some of their pleasure trips and drives to the mall, ease up on the gas pedal, and switch to the bus or train.

But as Americans enter the sixth year of rising oil and gasoline prices, their shift in driving habits this time has been much less extensive. What's more, in recent weeks, gas consumption has gone up, not down, and drivers are changing their daily driving habits only slightly

A problem with getting used to gadding about in huge machines is, it is hard to change. The change to gas misers in early 1970's was very, very slow. As a person who biked during those years, I found it most amusing to see people pushing huge cars that ran out of gas while I sped past on my 10-speed. The purchase of cheaper cars came slowly. My father, when he first learned of the Hubbert Oil Peak, back in the mid-sixties, when gas in Tucson was a mere 21 cents per gallon, bought a Volkswagen.

It takes about 10 years lag for people to change vehicles because it costs money to change, over all. I remember people sharing rides, I did this a lot when I had to use a car. Today, we spread out much more than in the seventies and now everyone must drive tremendous distances, commuting. I renovated the inner city during the gas crisis years because there was a short commute and public transportation.

When Russia joined world energy markets, the price of fuel collapsed and we rejoiced and did the stupidest things. We acted as if this would be the status quo and forgot that not only has America entered the downside of the Hubbert Oil Peak for our output is dropping every year, but the entire planet is entering that deadly phase too.

All that house building, etc, was wasted money. On the downside, those distant exurbs will be exhumed and left for the vultures. Except for the Northeast where we have extensive transportation hubs.

From Market Watch:

Also in February, private nonresidential construction spending advanced by 2.3%, led by a gain of 6.8% in spending on communication projects and 6.2% growth in outlays for power projects, the government's data showed.

What this reflects is the building of government-subsidized via special loans, ethanol processing plants and coal power plants. And as usual, the information web continues to grow and investment in this system continues and this includes cell phones. Which are finally reaching the saturation point. There isn't much further to go here, at least as far as profit-generation is concerned. If customers are being advised to cut cable service, I see some bad stuff on the horizon, no?

Again from Market Watch:

Corn futures dropped more than 5% Friday -- the maximum price movement allowed for the contracts on the Chicago Board of Trade, after the U.S. Department of Agriculture said it expects U.S. farmers to plant about 15% more corn acres than last year, as farmers take advantage of market demand for corn-based ethanol.

The 2007 USDA survey also showed farmers planned 67.14 million acres of soybeans, down from 76.9 million planned in the previous survey.

Everyone is going to produce corn now. We have many, many defunct dairy farms here that can grow corn and I see everyone is preparing this spring to do exactly that. Maybe the price of feed for my chickens will fall. Farmers might find themselves with no profit if the price of world oil continues to climb and overproduction of corn reduces their profits. And this is the problem with using fossil fuels to grow corn for ethanol.

As I looked at the news today, it amazes me how deluded pundits and reporters are. The belief that the Chinese COMMUNIST government wants to keep our financial/economic ship afloat never dies, it sails merrily on, off the cliff.

From Forbes:

A. Gary Shilling is president of A. Gary Shilling & Co., economic consultants and investment advisers.

China's image is big on America's radar screen. The Shanghai exchange's 9% drop on Feb. 27 triggered a global equity swoon. The huge Chinese trade surplus with the U.S., \$233 billion in 2006, has spawned protectionist threats in Washington. China's plan to diversify her \$1.07 trillion foreign currency and securities holdings, now mostly in dollars, scares investors. So does the fear that China's large banks (not just the central one) will dump the greenbacks they hold.

\*snip\*

China depends on a prosperous, income-happy U.S. to keep its economic engine going. But, as discussed in my June 19, 2006 column, the collapse in the U.S. subprime housing market will spread, sinking the American consumer and the imports on which the Chinese economy depends. Next, China's industrial capacity-building boom will break under the pressure of government restraints and a U.S. recession, leaving gobs of export-driving excess capacity aimed at the U.S. Red-hot domestic investment will cool, reversing direct foreign investment inflows and further depressing the yuan.

The Chinese COMMUNISTS WANT the American economy to go not just belly up but the government of the USA to go bankrupt. We just told China we will arm Taiwan so Taiwan can defy Beijing and this is a declaration of war. The Chinese leadership made it crystal clear, they will use any and ALL measures to stop this.

So the chances of economic warfare are very, very high. Very. Just trust me on this. My family has been deeply involved with China for 50 years now.

And from New Zealand's news:

China's quest for oil in Russia has borne fruit with a Chinese oil giant inking a major joint exploration project under the Sakhalin Project in the oil-rich Far East region.

Chinese oil-refining giant Sinopec and Russian leading oil company Rosneft have signed an agreement on the joint exploration and development of the Venin offshore deposit, part of the Sakhalin-3 project in Russia's Far East region.

Under the accord, Rosneft will have a 74.9 per cent stake and Sinopec 25.1 per cent, Xinhua news agency reported as Chinese President Hu Jintao concluded a state visit to Russia.

I have been tracking this story for quite a while. Many American and Japanese news reporters wanted to believe that Japan would get this succulent fruit but I knew for years, it was for China to lose. And as usual, I was right.

For China offered something Russia wants very much: the destruction of America. We imagine Putin loves us? Hell. This is why the issue of stupid diplomacy rises: China has the smoothest, best diplomatic machine on earth and they use it to make China richer and stronger. Ours works day and night to make us go bankrupt and lose wars at the same time. European companies want to work with Russia but they stupidly chose to use the 'barking dog' method of getting their point across and now they are being shoved aside by smooth-talking China who also has a trillion dollars of hard cash in hand. A win/win partnership indeed.

From Nikkei. Com in Japan:

TOKYO (Nikkei)--Individuals are stepping up purchases of assets denominated in foreign currencies, with the balance held in such instruments as investment trusts and deposits surpassing 40 trillion yen for the first time at the end of last year.

Translation: We are toast. The Japanese are madly buying up our country lock, stock and gun barrel. The numbers are grim and getting worse as we play that stupid yen/dollar carry trade game.

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## **Trade War With China Sinks American Stock Market Ships!**

Elaine Meinel Supkis

While playing gladiator with a billion Muslims we decided to play gladiator with a billion Chinese. Hitler liked to accumulate enemies and open up more fronts all the time. As I keep saying, ultimately, wars are won or lost on economics, not just battlefields. Ask the Confederacy.

From Market Watch:

The dollar abruptly changed course Friday, falling sharply especially against the yen after the U.S. Commerce Department announced sanctions against China in connection with a dispute over paper subsidies.

Commerce Secretary Carlos Gutierrez said the U.S. has the right to apply countervailing duties to Chinese paper imports, which he said threaten U.S. products. See market pulse.

"We haven't seen the exact percentages yet, but this represents a 20-year break in U.S. trade policy and potentially a watershed in US/Chinese trade relations, said Brian Dolan, director of research at Forex.com, a division of Gain Capital. "The obvious impact is going to be felt in dollar/yen which is already collapsing."

And so reality bites back. I have been tracking the yen/dollar mess for years. Did many cartoons about this matter. Usually, I show the yen as a broken vessel or box with a hinged bottom and money from the USA pours into these vessels and emerges as RED INK. Namely, the dollars come home to the USA as DEBT.

This unholy relationship let us imagine we were much richer and more powerful than we really are. And it 'created' wealth: namely, anyone who could tap into the 0% Japanese loans could then use it to buy bonds in the USA at 5% and then use the differential to create money out of loans over here and we then saw the world's biggest loan scam/bubble in history.

This has now over-indebted our nation. We have no more credit to sell. So we are turning not on the Japanese who set up this trap but the Chinese who sprung it on us.

And I said for years, this was their long-long super-duper plan. I watched them formulate it in my livingroom and I warned the State Department and the President (Reagan, the traitor who sold us to the Japanese for \$2.5 million). Of course, no one listens to me. And I bet they laughed when I did try to tell everyone.

I used to go to DC all the time and talk to people. Blah, blah, blah. Wrote things, too. Did no good at all.

I clicked on Market Watch's home page and they had the bad news on there but it went briefly to their old story which was this: <http://www.marketwatch.com/news/story/us-stocks-rise-after-strong/story.aspx?guid=%7B2C9FCB95%2D1B92%2D4789%2D8815%2D0E45614526E4%7D>. And it was about stocks shooting up on good data that meant happy days were here again. Not.

From Market Watch:

U.S. stocks turned sharply lower on Friday, briefly sending the Dow Jones Industrial Average down by over 100 points, after news that the U.S. has imposed trade sanctions on China and amid concerns about oil prices, which continued to trade around \$66 a barrel.

The sharp drop in the dollar reflects concerns that China may sell - or simply stop buying U.S. assets, mostly U.S. Treasury bonds, which could lead to a spike in interest rates and further weaken a slowing U.S. economy.

The fabled plunge protection team will be sweating bullets today. The happy talkers will be blathering and blowing bubbles in people's faces hoping to set things back on track again. The business over in the Middle East will now be forgotten as we gear up for a battle royale with half of the planet.

I detailed here how the Chinese are now undercutting our major military sales with countries run by people we put in power. Nuclear Pakistan is now working with China on diplomatic, economic and political fronts. Ditto most of Africa. The Chinese are pissed we are not going after Japan who has been wrecking our international standing in industry for years and years.

Indeed, we are doing absolutely nothing about the yen which is one of the world's weakest currencies coupled with the number 2 economy!

And I also showed that Japan's FOREX reserves have grown this month alone at the rate of which our entire reserves are over the course of a year which is a measly \$66 billion. The Japanese FOREX is over a trillion and shooting to the heavens.

And I said, Japan can't soak up all the American dollars being printed ever since Bernanke hid the M3 numbers, that is the rate of printing money, creating inflation. To deal with this inflation created by our own reserve banking officers, they raise interest rates on us here at home. This is crashing the housing market and this is a real problem for the economy.

Even today, with all this going on, the gamblers on Wall Street imagine they can get the Feds to drop interest rates here but this news is roiling the currency markets because those sharks there know exactly that the real problem lies with the yen and they are terrified this will now be dealt with and maybe, fixed.

It is the source of their increasing wealth. And as the rich get richer and richer, the nation sinks into poverty and penury.

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## **Bull Market Has Broken Leg**



Elaine Meinel Supkis

While the White House and the media toads laugh at each other, clowning around, our culture and society is being flushed down the toilet thanks to endless, costly wars, government corruption and misspending and economic dessication of our industrial base. Bad economic news well outweighs good news and world stock markets continue their sag downwards.

[Click here for list of \\$20 billion in pork in Democratic war spending bills.](#) I didn't celebrate the rise of Democratic Party power because thanks to lax election laws and the need to sell candidates on TV by running dirty ads with personal attacks, we have a Congress that is always in hock to some lobby or another. In the Democratic Party's case, they sold themselves to the Jewish lobby, AIPAC, and so we will not only have more wars but more pork since no body in that lobby has ever heard of balancing budgets, they are big spenders when spending someone else's money.

The GOP is owned by billionaires who own lots of oil companies and allied industries. So when the GOP takes power, power takes off and becomes much more expensive. Back when Bush and Cheney ran for office, I warned everyone, we turn our government over to two oil men, we will see endless wars over oil pumping profits and high fuel costs. I know many Republicans thought these guys who make their money on expensive oil would make oil cheap.

This notion was fed by TV pundits who lie for a living. I'll never forget the day we invaded Iraq and I had to go to the city: all the Republicans were running around, cheering. One yelled, 'Now gas will be super-cheap!' I shook my head. 'During all wars, gasoline becomes either very expensive or is rationed.'

But the ability to remember the past eludes most people who dream happy-go-lucky fantasies of Santa Claus and the Tooth Fairy rewarding good little boys and girls.

From Forbes:

The price of crude oil rose for the eighth straight trading session on Thursday, clearing \$66 per barrel on lingering concerns about geopolitical unrest and declining U.S. petroleum supplies.

On the New York Mercantile Exchange around midday, crude futures for May rose \$2.03 to \$66.11. Prices are up 30% since January but still 10% lower than they were this time last summer.

We sent most of our navy off to the shores of Iran to menace that country into disarming. This illogical belief still holds that the best way to disarm countries is to terrorize them, send in assassination squads, arrest diplomatic officials illegally, buzz their skies and harrass their seas and make lots of menacing threats about nuking them.

Of course, threatening war in the heart of oil exporting nations is suicidal and already there is nervous talk about \$4 a gallon gasoline. I do hope eventually Americans will be able to figure out obvious cause and effects.

The stock market was bouyed up by some of the silliest happy-talk yesterday. Looking for a gold lining to some pretty ugly clouds, ignoring the tornados forming on the horizon, buyers thought the market had finished its slide and would resume climbing.

Part of this fantastical belief was due to China. Chinese investors have not played a market for more than a decade. They haven't lived through the constant building up of balloons and their sudden, brutal deflation. Anyone looking at a stock graph running for a century can see how this process inevitably works.

This is due to the natural human tendency to have manias. Something works a little bit so we make it work more and more until everyone wants something to work only it has long ago ceased working and then the smart ones bail out and leave the less informed, more desperate behind and it all crashes. All bull markets follow this pattern.

This is why collapses are much swifter and more brutal than climbs. Climbs always are slow except at the very top. When something suddenly 'takes off' we know the mania is about to break. Even our biological systems work this way: fevers are when our biological defences raise the body temperature to kill off germs that invade and take over. When the germs are suddenly dying due to it being too hot, the body's defenses stop raising the temperature and it plummets rapidly.

We even call the height of any mania 'fever pitch' which is quite correct.

From Forbes:

Dell Inc., one of the world's largest PC makers, said Thursday that an internal audit committee has found a number of accounting errors and evidence of misconduct in its monthslong review of previous earnings statements.

At first, people hire accountants who are honest. But then when the executives want lies they hire accountants that lie. To insure these lies are hidden from view, bribes are passed out in the form of pay raises. So honest

accountants are left at the lower levels and never promoted and dishonest ones become the bosses.

Then trouble looms, investigators appear and oops! There are 'accounting errors'. The super rich are so super-greedy, they are not content with many millions but must have more, this is a form of mania and it follows the same track ending in a swift decline or wars.

The Gilded Age that went off to conquer the world and enslave workers ended with WWI and revolutions.

#### From MSNBC:

When U.S. manufacturers want to cut labor costs they often close up shop and head for a Third World country to find cheap labor. But when retailers want to cut costs they don't have that option because they need stores in American towns if they want to sell to Americans.

Circuit City has found a unique way around this conundrum. On Wednesday officials at the struggling electronics retailer announced they would fire 3,400 of their highest-paid clerks and replace them with workers who will take less money, essentially hoping to find their own bargain-basement work force right here in the good old USA.

What is so fucking unique? All companies do this! They always fire their staff and replace them with cheaper labor here! This is why wages are falling and a depression looms. When nurses are too expensive, they brought in labor from the Philippines, for example. When there was a housing boom and contractors needed cheap labor so they could pocket bigger profits, they hired a flood of illegal aliens.

No job is safe in a classic capitalist system. If workers cut into profits too much, they go out the door. Period. Either robots or aliens from poorer countries are brought in to keep profits flowing. This is why workers have to unite and work to defend their jobs. Sort of like they do in France, for example.

But Americans like to make fun of the smarter French people and we believe all we have to do is strive to be the best and voila! We triumph.



#### From MSNBC:

Wooden's famous philosophy on coaching and life has become ingrained in the minds of his former players and continues to guide many of their lives today. But Wooden didn't create the pyramid with basketball in mind; he worked on it over a 14-year-period, aiming to create a new definition of success. While teaching high school English, he saw parents criticizing their children for receiving less than

an "A" or "B." That's when he knew he needed to find a way to pass on his message that success isn't just about how much stuff you have or how powerful you've become; it's about finding peace of mind.

This pyramid (my, how they love pyramids!) is very silly. Basically, it claims if you are a good little boy or girl you will succeed if you work hard. This guy was a basketball coach. Did he look for good boys who worked hard?

Or did he look for very tall mostly African-Americans who were the great-grandchildren of former slaves who went through the terrible evolutionary wringer of slavery? Winning at basketball is all about being tall. We know that all the sports have lots of great athletes who cheat, fudge things and often, in private, cause disorder and difficulties. They lead rather chaotic lives, to put it mildly.

And team effort is pure garbage. If this were true, all the players would be paid the same, right?

But they are not. And in industry, there is so little team effort, one is told in no uncertain terms, they may not discuss pay or bonuses with each other. Twice I worked for corporations. Each time, I discovered they had serious accounting problems and problems with matching expenses with incoming funds. Each time, they asked me to leave, in one case, screaming like crazy at my desk.

And each time, they got into serious trouble after I left (whistle blowing can be fun but try getting hired after raising a huge row and getting the Feds involved!). What amazed me was, when I discovered a series of weaknesses and went to meetings to discuss solutions, I always came with a big briefcase stuffed with good ideas. Ideas I was willing to amend, of course.

Um, heh. Suicidal, eh? And this is why companies go bankrupt. They go morally bankrupt while pretending they have the pyramids of neat boy scout's honor ideas...this reminds me, I spent my early childhood battling boy scouts. They could be really nasty and I learned fighting techniques from them and certainly, how to deal with sneaky people.

#### From Fortune Magazine:

Great wealth generally finds art at some point," observes Marianne Boesky, fresh off the slopes in Aspen. She would know: As a well-known Manhattan dealer and the daughter of infamous financier Ivan (she's in Colorado with Dad to celebrate his 70th birthday), Boesky is at the nexus of two colliding galaxies: Wall Street and the art world.

Her husband, trader Liam Culman, "is a Wall Street guy, and he had never been in a contemporary art gallery until we met," she says. "But as soon as he started understanding the numbers and seeing the margins, he became serious about art." And his Wall Street buddies? "At first they were like, 'What is this crap?'" says Boesky. "Now they're on my waiting lists."

And so it goes: the last stage of any tulip-bulb mania, of all money making manias: the rich go out shopping for goodies that have zero worth to any sane person but they happily bid up the price of these magical items so they can display both power and contempt. This is Midas eating his gold while his daughter is turned to stone.

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## **The Rich Get Richer And The Working Stiff Gets Stiffed**

Elaine Meinel Supkis

The rich get richer and the poor get shafted. 150 million Americans have the same wealth collectively as a handful of rich. Actually, they have nothing at all, just 'income' which goes to paying for necessities and debts. Profit margins are falling for American corporate pirates because they can't get endless cheap labor anymore.

From the New York Times:

Income inequality grew significantly in 2005, with the top 1 percent of Americans — those with incomes that year of more than \$348,000 — receiving their largest share of national income since 1928, analysis of newly released tax data shows.

The top 10 percent, roughly those earning more than \$100,000, also reached a level of income share not seen since before the Depression.

\*snip\*

The new data also shows that the top 300,000 Americans collectively enjoyed almost as much income as the bottom 150 million Americans. Per person, the top group received 440 times as much as the average person in the bottom half earned, nearly doubling the gap from 1980.

We have watched for years as the wealth at the top ballooned along with all those asset balloons and all those amazing profits as our industrialists rapidly relocated to China and other cheap-labor countries and then these guys shoved Bush down our throats by hook and crook and got their beloved tax cuts.

The poor pay huge Social Security taxes for the pretend 'savings' in this fund which is used to balance the budget only it isn't enough so the government has been running in the red. Since people at the bottom half of the nation own virtually nothing, barely the clothes on their collective backs, and if we subtract their debts this would mean the rich 300,000 literally own this nation only they don't.

Foreigners own us. Indeed, foreign ownership is rising rapidly just as they also bankroll our government. But only for IOUs which we have to repay.

From CNN:

David M. Walker, the nation's top accountant, is instead touring the country to warn Americans about the consequences of a federal debt he says is on an unsustainable course.

Walker, who heads the General Accountability Office (GAO), has visited college campuses, spoken to lawmakers in Washington and toured 19 states in the last year and a half.

He plans to continue through next year and is focusing on states that could affect the 2008 presidential race, in hopes that candidates will heed his message.

"If [the candidates] don't make [the debt] one of their top three priorities, in my opinion, they don't deserve to be president and we can't afford for them to be president," he told CNN.

Does this monster suggest raising taxes? And he claims stopping our wars wouldn't fix things but retracting our military so it is the size of say, Germany's military and instead of setting up free missile systems in Europe and Japan, they could defend themselves, gods help us all. If we cut our military spending to only \$300 billion rather than \$700 billion, we would still be spending more than 80% of the planet on military if not 99%.

This guy doesn't suggest returning the \$4 Trillion looted from tax payers who paid into the Social Security system when it is being ripped off. Nope. We are supposed to cut these services which we already PRE-PAID for! And this is the solution the very rich want for us: to drop dead while they eat all our life's savings.

#### From Market Watch:

U.S. corporate profits fell in the fourth quarter of 2006, signaling the end of one of the greatest profit cycles in post-war era, economists say.

Economic growth is slowing, hurting corporations' top line. Meanwhile, costs are rising, squeezing profit margins.

"Profits growth has turned decisively down, and the end is not yet in sight," wrote Gabriel Stein, an economist for Lombard Street Research.

"As the expansion matures and unit labor costs rise, profit margins will be under pressure," said Stephen Stanley, chief economist for RBS Greenwich Capital.

Oh, those pesky labor costs! The long run of riches were due 100% to the Chinese people who have no intention of being slaves of the very rich in the USA or Japan. They intend very much to be on top, not bottom. I track their affairs and one indicator after another passes the trillion dollars mark and they are very happy for they can see the light at the end of the tunnel here and they have not forgotten how we treated them when we ruled their country.

To say we treated them like dogs would be true only if we beat and starve man's best friend.

#### From MSN/Forbes:

Times have been tough for America's blue-collar workforce. Union membership has been falling for years and factory jobs in everything from textiles to cars have either been shipped abroad or disappeared in downsizing after downsizing.

But despite all that, there are still some great, high-paying jobs for those who are more apt to wear hard hats

and work boots than don pinstripes or tote a briefcase. While services may indeed make up 80% of today's economy, there are always going to be buildings that need constructing, air conditioners and refrigerators that need fixing, and goods that need to be delivered to department stores and supermarkets.

Construction? What the hell? Um, hate to clue this stupid reporter but construction and indeed, many of these 'good paying' blue collar jobs pay very poorly thanks to illegal immigrants. Truck drivers? I see stories on the web calling for them to go on strike and surround the White House with rigs and demand Congress and Bush roll back the NAFTA ruling that Mexican truck drivers can come here and drive! Of course, wages which have been very stagnant or dropping will fall off the cliff in that field and the guys driving trucks and listening to Rush the Druggie Limbaugh yelling are now waking up on the wrong side of the union bed and seeing they fell in love with Jack the Rip-off.

Meanwhile, remember Amaranth hedge funds? One miscalculation wiped out \$6 billion dollars. And the trader who did this wonderful thing is now launching his own hedge fund!

From the New York Times:

As former Amaranth Advisors energy trader Brian Hunter prepares to launch his new hedge-fund firm — it is reportedly called Solengo Capital Advisors — investors in his old firm, Amaranth, are still waiting to get what's left of their money back. Financial News reports that a group of investors in Amaranth, which collapsed after its bets on the energy market went bad, have offered to drop their legal claims against the firm in hopes of collecting their remaining capital more quickly.

The fund imploded last year after losing \$6.5 billion over just a few days.

Solengo is a wine. I'm shocked he wasn't as frank as the guys who started the 'Pirate LLC Fund'. He should call his own fund, 'Throw Grandma From the Train LLC Fund.'

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## **China's IPO Markets Passes USA**

Elaine Meinel Supkis

I got up this morning and saw all the positive news the elites poured upon the steaming pile of rotting carcasses of our economy. It was rather amusing and it did get the gamblers to roll the dice one more time and put more money into the pot and deal some more cards but that 'rebound' is already flagging badly.

From Xinhua Net:

China overtook the United States last year for the first time when it netted 62 billion U.S. dollars worth of funds from initial public offerings, the world's biggest, an industry report said.

The funds were raised from IPOs launched in Hong Kong, Shanghai, Shenzhen and Taiwan, PricewaterhouseCoopers said in the report.

The United States saw 48 billion dollars raised from IPOs on the New York Stock Exchange, Nasdaq and American Stock Exchange. In 2006, there was a total of 140 IPOs in China.

When I go off to read my daily dose of Chinese news it is like I am Alice stepping through the Looking Glass. First of all, aside from China representing many opportunities to make money off that billion hard working people, history is all about who is going up and who is rotting away.

The fact that China now has surpassed us in yet another economic indicator shows who has the dynamic economy and who is limping along. China produced nearly no cars just a mere 20 years ago is now out-producing the USA. China's leaders, Hu and Wen, are systematically going about the planet, signing business deals. It is as if China is being run by Bill Gates while the USA is being run by Peter Pan.

Bush flies around the globe at taxpayer expense and he is very expensive because he is as popular as Typhoid Mary and so we have to ship an army of army sharp shooters and lots of security goons to protect him from justifiably outraged mobs. Even here at home. He was at the annual Shake 'n Roast dinner held by the morons in the media and he had really good script writers again so he could joke about how ugly his mother, Grimm the Wurm, and he could joke about how he has screwed up the economy and not one but two wars and everyone laughed and laughed and no one was arrested.

The Pope said this week, Hell is real. I think that dinner is a preview of Hell.

From Market Watch:

Asian stocks traded mostly lower early Thursday, with Japan's Nikkei 225 average leading regional declines as exporters such as Honda Motor Corp. and Sony Corp. moved lower after the yen rose to a one-week high against the U.S. dollar.

Asian stocks were also pressured by a weaker finish on Wall Street, where all three major stock benchmarks ended in negative territory after U.S. Federal Reserve Chairman Ben Bernanke reiterated concerns about inflation, dashing hopes for an interest rate cut in the near future, while a weaker-than-expected durable goods report dampened hopes that business spending would help stave off a housing-led economic slowdown.

So, now that the American consumer is in the ditch up to their eyeballs in debts they can't possibly pay off over the next 20 years, the people flacking 'good times are here' have latched onto the possibility that business spending will shoot up. Why this would happen when the other half of the economic system, the consumer, can't buy, baffles me. Why would a business suddenly expand when buying by people is collapsing? Didn't they teach these pundits about the Great Depression and how there was a super-abundance of goods but not credit?

From Bloomberg:

A slowdown in business investment that the Federal Reserve expects to end without much damage to the economy may instead linger long enough to hurt job growth.

Business spending may be a significant overlooked risk to the Fed's forecast of moderate economic growth this year, economists say. When spending growth tapers off, a slowdown in hiring almost always follows, according to researchers at Commerzbank AG.

"The weakness in capital spending is alarming," says Joseph LaVorgna, chief U.S. economist at Deutsche Bank Securities Inc. in New York. "If capital spending is weak and getting weaker, the next thing companies will do is slow hiring."

So even as pundits punt the 'good news' ball across the playing field, the reality-based linebackers sack him and the ball tumbles to the sidelines. And admitting there is 'weakness in capital spending' is amusing when one contrasts this with China's data. Is Chinese hiring dropping?

With the world's biggest army of peasants who, unlike many other masses, are totally motivated and are also from a culture that prizes hard work and scholarship, China is still roaring along even as we fall down.

From Market Risk:

Jan 10, 2007 in Market Cap, IPO, China

Wow. \$1 trillion. Over \$500 billion has been invented in the last year. IPO shares are driving it. It's not that the \$1 trillion figure is unreasonable for a large economy like China.

The Chinese are not like other cultures. They aren't stone age people trying to cope with the concept of time is money or how to deal with government regulations, etc. After all, their religion is based on bribing the Guardians at the Gates of Death with counterfeit money (isn't that cute?) and respect for authority? Mao tried to eradicate the virtues of Chinese civilization with his revolutions but the culture is strong and has rebounded and the present leaders have revived Confucian (Kung Fu-tzu) virtues.

The Chinese have discovered IPOs and are embracing this idea with devotion and desire and since they have passed an important marker here, time to talk about IPOs. Here are some charts:

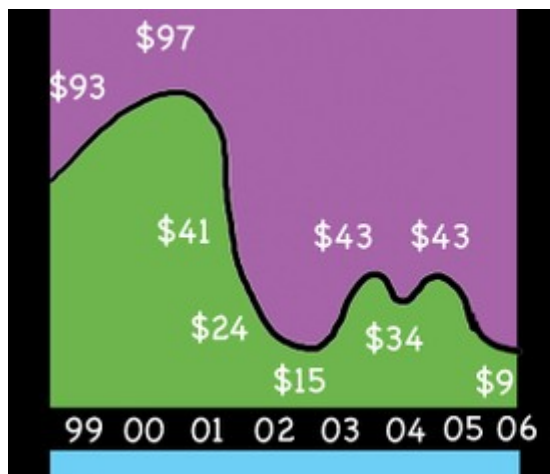
**USA IPO HISTORY**

Chart: IPO volume in billions of dollars from 1999 to 2006.

**Most of the money at the top was lost in the following crash.**

IPO Home provided me with the numbers for these charts.

Obviously, IPOs go up and down not only like the stock market but in synch with the stock market. IPOs are not a haven from risk but are amplifiers of risk. I had a rich neighbor who went heavy into tech IPOs in the

mid sixties. He got richer and richer. I used to cut his fields for him. I was living in a tent and slowly building my house by hand, myself. He sat at home and counted his wealth as it poured in.

He put more and more into these IPOs and would then resell for a profit when everyone rushed to dip into these seemingly endless wealth-producing well springs. Then the market collapsed.

He frantically tried to sell everything but before the collapse, he went into debt to have more money to bet at the IPO casino. Now his assets were declining in value and the loans were being called in and his lovely life, buying artworks, fancy cars, trips all over the world, a new younger wife, collapsed into bankruptcy, divorce and loss of home.

He was reduced to stealing part of his own mansion to resell only we wouldn't let him and the cops came and he got in very serious trouble. Meanwhile, as the market tanked, I finished my beautiful house, moved in the same week the stock market hit rock bottom and now live here with no mortgage, happily ever after.

The moral of this tale is simple: sometimes, charting a course carefully and keeping in mind realistic goals and not playing with money loaned by the Japanese banks can be good and make for a long, worry-free life.

Here is one of today's top pick IPOs if one is really desperate to gamble and lose:

From IPO Home.com:

Aruba Networks was founded in 2002 in order to develop a new solution to enterprise wireless networking. By leveraging an easy-to-deploy platform approach and a unique user-centric architecture, Aruba has been rapidly gaining market share over the last two years and is now second only to Cisco in the promising enterprise wireless LAN market. The overall market for enterprise wireless LAN solutions reached \$1.5 billion in 2006, and market research firms project that figure to jump to \$3-\$4 billion over the next four years.

Wow. Sounds as hot as Lucent Technology! I know so many investors who lost not just their funds but their homes and marriages over that lovely IPO mess! A whole cluster of them lived within yelling distance of my tent complex. They are all gone and replaced with new people who made money on this last run up. I did tell them about the previous four neighbors. Heh.

From the IPO news story:

Aruba's 2Q 2007 revenue was a record \$26.6 million, up 27% sequentially, and it is on track to post a 40% revenue increase for the 2007 fiscal year. While its revenue has grown steadily over the past six quarters, the company has yet to post a positive quarterly operating profit. It has also seen a large recent increase in operating costs over the past 6-9 months, which has actually sent its operating margin down further from where it was in the year ago period. While the company has clearly chosen to invest aggressively in sales and marketing to further penetrate the market, the company will probably not post net profits until its fiscal year 2008. However, for investors willing to stick around, the company believes it can eventually deliver operating margins in the neighborhood of 18%, which is typical of its industry.

Yup, meet Son of Lucent Technology! Like daddy, it grows and grows really fast. Of course, it doesn't pull in a profit but it will, eventually. So long as everyone forgets past lessons and listens to this sort of talk, companies like this will flourish until someone demands their money back.

The warning sign is the bit about 'they are aggressively spending to find those darn customers who are hiding out there somewhere.' Um, hate to say this, but no customers=no profits. And at the base of all this stands the American customer who is up to their eyeballs in IOUs not IPOs.

Here is one of the world's best performing IPOs:

Who wants part of China's \$72-billion-education market? New Oriental Education and Technology Group, that's who. As China's largest provider of private education services, New Oriental offers a K-12 private boarding school, child and adult English classes, and Chinese and foreign university exam prep at 25 schools and more than 110 learning centers, mostly in eastern China.

Motely Fool has been running stories about this IPO. It is most interesting to me to see the Chinese are imitating the Japanese school system which was set up like the German school system only the Japanese didn't like the brutal German exam method that separates the intellectual wheat from the blue collar chaff and so everyone tries to outwit a system they installed in the first place.

Here is a quick outline as to how it works:

Public elementary schools in Japan cost about 909,000 (\$7500) per student in the first year. Just 10% is paid by the guardian.

Public junior high schools cost 1,020,000 of which 163,000 is paid for by the guardian.

Public high school costs 1,136,000 and 389,000 is paid for by the guardian.

By comparison -

Private elementary schools cost 706,000 and the guardian foots the whole bill.

Private junior high schools cost 734,000.

Private high schools cost 677,000.

Parents and students have the option when kids are in elementary and middle school. However, kids have to test to get into a public high school and if they don't make it...private is the only option other than dropping out.

I went to school in Germany and know how it works: an exam that puts students on two tracks is administered at the beginning of 'Junior High' and the smarter kids all go to pre-university classes and the others get to go into various trade schools. The Japanese left out the 'trade schools' part and simply elevate kids and everyone is anxious about this so they have 'elevator schools' and everyone pays to get a leg up with cram schools, etc.

In Germany, I noticed that kids weren't all that worried about exams except for the very top of the class who were competing for university slots at the best schools which are free but competitive. This is true in Asia. The Chinese hold education in highest regard and have taken up various reforms to the communist school system and are now

on their way to hammer everyone by churning out a Yellow River-sized flood of graduates who intend to dominate all intellectual sectors.

Since everyone is eager to partake of this bounty, companies providing Japanese-style educational services are raking in the dough for the time being. With smaller families, more money can be invested in a child's education.

In contrast, here is today's big pick of IPOs in America:

IP softswitches provider Veraz Networks announces terms  
3/19/2007

Veraz Networks, a provider of IP softswitches for wireless and broadband service providers, announced the terms of its IPO Friday. The company plans to offer 9 million shares, including 2.25 million from selling shareholders, in a price range of \$10 to \$12. Credit Suisse and Lehman Brothers are joint bookrunners on the deal.

Note that one quarter of these shares are the owners bailing out. They want to take a cool several hundred million bucks and go off and buy fancy art works, fancy homes in tax havens overseas and other enterprises. They have little interest in hanging onto their creation and making it grow. If other people want to do this, fine.

Of course, they will still be the bosses but it will be someone else's money that is going down the drain, not their own. Far from saying this is a good buy, I'd be saying saroyana.

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## **Stock Market Falls 100 Pts After Bernanke Talks**

Elaine Meinel Supkis

Bernanke, the supposed head of our Reserves, spoke to Congress today. He thinks our economy (sic) will grow this year. What he really means is, debts will continue to grow because despite inflation, the Fed will keep interest rates where they are. The dollar has declined against all currencies on this news and the stock market fell badly. Why, the dollar even rose against the yen which still is very undervalued.

From Market Watch:

An investment club comprised of super-rich members is moving away from public equities and into alternative investments.

Tiger 21, an investment club whose members have at least \$10 million each, says its allocation to stocks is down almost 10% from a year ago.

"Our members are still committed to long-term wealth accumulation and preservation, but increasingly, they're more apt to rely on investments outside traditional avenues such as mutual funds or even individual publicly-traded stocks and bonds, for an important portion of their investment portfolio," says Michael Sonnenfeldt, Tiger 21 founder and chairman.

Word of warning: when you see the first class passengers on the Titanic suddenly running to their rather uncomfortable life rafts, run for the boats, too! It is plainly obvious that they are giving up the idea they can speculate forever and get richer and richer off of getting loans from Japan and then buying into the American markets with its much higher interest rate returns.

After all, everything beats the near-zero interest the government of Japan imposes upon its workers who struggle to save and cannot.

It amuses me no end to see a sudden flood of interest in the Japanese government's manipulation of interest rates with the yen. For years, I thought I was one of ten people online yelling about it while everyone else was focused entirely on the Chinese currency rates. Now, they even admit the 'carry trade' is really all about exploiting the false value of the yen. Knock me over with a feather.

We shouldn't be grateful for this flood of information that was hither-to hidden from view. The government was focused exclusively on the yuan, Congress talked only of the yuan, rich people milking the Japanese currency cow all yelled in a chorus that the yuan was the root of all evil and of course, the Japanese echoed this, encouraging the idea that the world economic system rested in Beijing and not Kyoto's innermost courts.

It is funny how the jolt from the Chinese suddenly caused the scenery to collapse and now the true actors are upon the world stage, sort of like Toto pulling aside the curtain and behold---there sits the little man pulling the levers.

Today, the dollar weakened against all currencies including the perennially weak yen. The yen is no where near where it belongs considering the world's number #1 industrial/export power is Japan. If you include American industries colonized by the Japanese overlords, they are #1. Treating their currency as if it is the peso, they go from weakness to weakness as their numbers rise.

Here are this week's official wealth calculations, the FOREX reserves of two important industrial nations. Guess which one is weak, poor, depressed Japan and which one is the world's strongest economy which is, according to Bernanke, going to expand this year?

	February 2007
A. Official reserve assets	905,048.00
(1) Foreign currency reserves (in convertible foreign currencies)	884,033.00
(a) Securities	758,231.00
of which: issuer headquartered in reporting country but located abroad	
(b) total currency and deposits with:	125,802.00
(i) other national central banks, BIS and IMF	6,109.00
(ii) banks headquartered in the reporting country	25,856.00

It is beyond pathetic at this point. Not only does the reserves of Japan utterly and totally dwarf the USA's reserves, hey, where was Barnacle Bernanke while this was going on? Japan's entire ledger is many multiples of our own. And worse, we rate a zero on many points where Japan has high numbers.

Russia has cut its FOREX reserves and is spending it on military equipment so they dropped by \$30 billion but this is a drop in the bucket of \$300+ billion. Unfortunately for our government and Bernanke, the Chinese who have the world's biggest, fattest FOREX reserves and Russia know how to add, subtract and even multiply. They can clearly see our situation, vis a vis not only these two budding allies but our own allies is deteriorating.

I read today that Europe is expecting us to pay 100% of the cost of the missile shield that so irritates Russia, for example.

Two months ago, Japan forced us to pay most of the costs of moving our bases in Japan that protect the .5% interest rate Japanese. They gave us loans to pay for all this and it was NOT for nearly 0% either.

#### From Forbes:

Federal Reserve Chairman Ben Bernanke marched up to Capitol Hill on Wednesday morning, where his comments on inflation and the slumping housing sector did little to comfort nervous American investors.

Speaking to the Joint Economic Committee of Congress on price pressures, Bernanke noted that consumer price inflation has come down since last year, primarily as a result of falling energy costs. The Consumer Price Index rose 2.4% over the 12 months ending in February, down from 3.6% a year earlier.

#### Falling energy costs? From MSNBC:

Oil prices rose by more than \$1 a barrel Wednesday amid rising tensions between Iran and the West and declining inventories in the U.S.

Hey, Bernanke should read the news before testifying. Or he should pump the gas into his car himself. Prices at the pump have been going up and up. And thanks to our sabre rattling nonsense in the Persian Gulf, the price of oil is going up, not down.

When someone is this detached from reality, he should be put in a hospital, in the locked wards on the top floor. But he is simply mouthing the truisms of all the rich people who are desperately disbursing themselves of their over-padded portfolios. They need to con the average person into buying the stocks they are selling so they can buy gold. I will note, the price of gold, held down for so long, is now climbing.

#### From MSNBC:

Federal Reserve Chairman Ben Bernanke told Congress on Wednesday he doesn't believe the economy will slip into a recession and rejected the notion raised by his predecessor, Alan Greenspan, that the economic expansion, which started in late 2001, could be running out of steam.

"I would make a point, there seems to be a sense that expansions die of old age. ... I don't think the evidence supports that," Bernanke said in testimony to Congress' Joint Economic Committee.

This baby talk sent the stock market into a minor melt-down. This isn't good. Of course, Greenspan has taken greatest delight in snuffing the lies. I wonder what is motivating him? Has he cleared his own house and now, like the blind Samson, is now pulling down Wall Street's temple of Doom?

From Market Watch:

U.S. stocks fell on Wednesday, although they pared earlier losses, after the chairman of the Federal Reserve reiterated concerns about inflation, disappointing investors hoping that weaker growth would soon push the Fed closer to cutting interest rates.

"Bernanke said that core inflation remains uncomfortably high," said Art Hogan, chief market strategist at Jefferies & Co.

This is rather funny. Low interest rates means consumers can buy lots and lots of imported goods and the rich capitalists can skim the differential between the wages of Asia and the buying power of USA customers and on top of this use low interest Asian loans to buy high interest American bonds and then pocket the difference. But if the interest rates in the USA drop, this slush fund dries up!

So they are investing in cash so they can grab an easy 5% per annum.

The very rich who have no debts are waiting with a certain eagerness for a drop in the value of assets. Then they can buy up at their leisure lots of goodies. But they also have a collective memory of WWI and WWII. They wonder if the populace will rise up and kill or loot them. It is a hard thing to think about. They want easy money but are nervous about the possibility of over-reaching.

Here is the recent Wikipedia article about the yen:

After the Plaza Accord of 1985, the yen appreciated against the dollar, until it reached a peak of about ¥85 per dollar in the mid 1990s. After that, the Bank of Japan adopted a weak yen policy which has held it in the range of ¥100-120 per dollar. In the last couple of years, the yen has grown weaker and weaker against not only the dollar but against nearly all other important world currencies due to a de facto zero interest rate policy which has encouraged massive yen carry trades, where speculators borrow in yen and buy bonds and other assets in currencies that charge significant interest. This can be very profitable, but is a short position on the yen, which in the absence of other factors drives the yen's value down.

In April 1995, the yen hit a peak of under 80 yen per dollar, temporarily making Japan's economy nearly the size of the US.

The 'depression' in Japan came when their currency was strong! Isn't that bizarre! Interest rates were high. Now, they have a super-weak currency and an amazing FOREX reserve and still are in this 'depression.'

I am pleased to see I am no longer alone in wondering about all this and pointing out the obvious. I hope more people can put 2+2 together.

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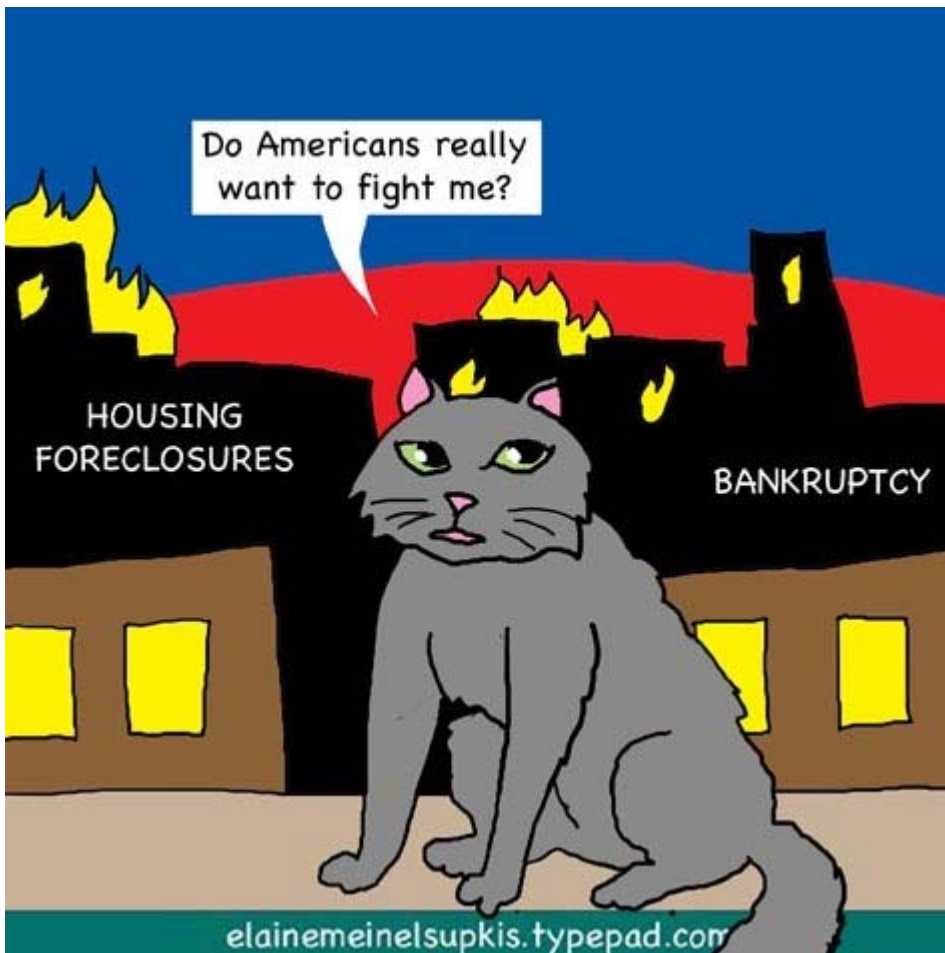
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## China Makes More Cars Than USA



Elaine Meinel Supkis



The USA used to be Motown. Now we are Nomotown. China races past us in industrial output. And the price of oil shot up on news of a shoot-out with Iran that was false so the price of oil fell again. The Persian cat laughs all the way to the bank. And banks teeter on the edge of destruction here as foreclosure rates shoot up.

From CNN:

U.S. crude futures briefly spiked over \$5 a barrel in electronic

trading late Tuesday on rumors that Iran fired on U.S. Navy warships.

Crude gave up most of those gains according to one trader after reports of a confrontation were denied.

I have made a number of cartoons about this: Miz Liberty and the Persian Cat of Iran. In one cartoon, the cat is at a chalkboard and he shows Miz Liberty that if she menaces him, the price of oil goes up, the USA trade deficit goes up and the economy of the USA goes down. And of course, the Cat gets richer.

Another cartoon, Persian kitty has scratched up Miz Liberty and asks her if she wants more. This stupid practice

of parking our navy on the shores of Iran means we will be poorer. Russia loves this and encourages us because when we do this, the price of oil goes up and Russia gets richer! This makes Putin very happy. And the delighted Chinese watch us go bankrupt.

So what is the USA doing about all this? Why, we will burn all our food as fuel! That will teach that cat a lesson!

From MarketWatch:

President Bush liked what he found under the hood Monday as top executives of the Big Three automakers parked some of their flex-fuel vehicle offerings on the south lawn of the White House.

The CEOs of Ford Motor Co. and Chrysler Group met with Bush to highlight the White House's backing of increased use of ethanol and biodiesel to help counter the nation's dependence on foreign oil supplies.

Germany invented diesel during WWII. They took foods and turned it to fuel and they starved millions of people to death. And this will happen today: the food we use to feed cattle or make into food for humans will now be used to run gas guzzlers. This will fuel inflation because food is part of the inflation calculations.

We could balance our budget a bit simply by having sane CAFE standards, namely, outlaw the production of gas guzzling vehicles. I hate driving around trying to avoid these behemoths. This will reduce congestion as well as free up resources for other purposes. Instead, we seem to be heading towards a darker world.

China is producing lots of economy cars that don't suck up lots of oil. And they are winning the struggle for dominance.

From Economy In Crisis.org:

The Big Three of Detroit (Ford, General Motors and Chrysler), long a symbol of American industry, no longer rule the roads. China surpassed the United States in passenger car production for the first time ever in 2006 producing 5.2 million cars, while the US made 4.4 million, the Financial Times reported citing a Bank of America report.

The figures are remarkable considering that in 1997 China's car output was at 5.4% of US levels and in less than seven years their production skyrocketed to 118% of US levels.

But recent lagging production is not the only thing changed about the Big Three: In 1998 Chrysler was taken over by a German company Daimler-Benz becoming DaimlerChrysler.

Almost half of those 'made in America' cars are Japanese. They built non-union factories in the deep south so we won't see their dominance of our industry here. Increasingly, Americans no longer own many industries.

Here is an amusing story:

From Florida:

The city council in Brooksville, Florida voted this week to advance a proposal granting city officials the authority to place liens and foreclose on the homes of motorists accused of failing to pay a single \$5 parking ticket. Non-homeowners face having their vehicles seized if accused of not paying three parking offenses.

Sounds like communism! The state will take over all residences and vehicles. Confiscation of a radical sort indeed!  
Busy beaver home builders are in trouble with the FBI.

From Business Week:

Amid the meltdown of the subprime housing sector, mortgage lenders and brokers have come under fire from state and federal officials for predatory lending practices with those risky borrowers. Now one national homebuilder is feeling the heat. BusinessWeek has learned that federal investigators have opened a broad criminal probe into lending practices, some financial transactions, and other dealings at Beazer Homes USA.

Atlanta-based Beazer, the nation's sixth-largest residential homebuilder, rode high during the heyday of the housing boom—profiting from both selling the homes it constructed and often financing the buyers as well through a wholly owned mortgage arm. It's common in the industry, but Beazer may have pushed the bounds: The North Carolina field offices of the Federal Bureau of Investigation, the Internal Revenue Service, and the Justice Dept. have recently opened a joint investigation into the company over such matters.

And why isn't the FBI investigating hedge funds? Like 'Pirates LLC'? Sounds criminal to me! Of course, to make money, everyone had to act like grifters or bank robbers.

Here is a recent real estate story that illustrates the para-criminal nature of developers in many unregulated markets:

Greenwich Time News:

A state Superior Court judge has ordered that a second mansion used by murdered real estate developer Andrew M. Kissel be auctioned off to help pay back some of the millions he stole from banks and other lenders.

State Superior Court Judge David Tobin has ordered the unfinished home that Kissel was building at 43 Burning Tree Road be sold next weekend. An appraisal valued the home on 2.24 acres of land at \$2.2 million, according to court papers.

This property is worthless. No one wants a half-finished mansion. These modern mansions are not like the ones I have renovated in the past. They have cheap detailing, they are really just big ticky-tackies. I once fixed up a mansion built in 1892. It had stained glass windows, ornate parquet floors, huge corinthian columns, fancy bronze details, ect. The craftsmen who built it were superb.

Here is some news from the past when the USA, under Reagan and Bush Sr, decided to play with fiscal fire:

The NYT, Dec. 3, 1987:

The First Republicbank Corporation, the largest bank holding company in Texas, said today that it expected to report a fourth-quarter loss between \$325 million and \$350 million because of the worsening condition of the troubled Texas real estate market.

I checked foreclosure rates in Phoenix and Tucson as well as in California and Texas. Thousands and thousands of houses are being auctioned in these places this month. I checked my own county, Rensselaer, in New York and we have less than twenty auctions. The real estate collapse hasn't hit us here in New York yet.

But is is coming!

#### From Bloomberg News:

As many as 2.4 million Americans may lose their homes because of the collapse of subprime lenders, the Center for Responsible Lending said in testimony to Congress.

Mike Calhoun, President of the Durham, North Carolina-based nonprofit group, told the U.S. House Committee on Financial Services that foreclosures will increase in coming months, and that subprime borrowing caused a net loss of a million U.S. homes between 1998 and 2006.

I lived through the financial crisis of the 1970's in New York City. It was a nightmare. Abandoned houses burned all over the place. Public services collapsed. We had a riot that burned down half of my neighborhood and there was no police protection, no police showed up at all. I thought I was going to die.

We renovators rebuilt the city. This was hard work. Lights were out so we had to force the city to reestablish service. We set up street patrols to escort people at night to and from the subways. We had a pot hole contest which a friend of mine in Fort Greene won because a car was stuck in this 6' deep hole!

So why are we pulling the tail of the irritated Persian cat? This is insane.

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### **Richie Rich Hedge Fund Sinking Fast**

This is Elaine Meinel Supkis reporting for Culture of Life News and today is March 27, 2007.



As many sub-prime mortgage companies doing business with rip-off artists go under, now the various hedge funds that played the yen/carry-trade/dollar-debt game are now sinking too! Today's example of stupidity in financing is the aptly named Ritchie Capital Management. Boy, did they make some boo-boos.

From Marketwatch:

Ritchie Capital Management LLC is close to selling roughly half the assets of its main multistrategy hedge fund to Reservoir Capital Group, but the deal needs to be approved by investors, a person familiar with the transaction said on Tuesday.

The person requested anonymity and wouldn't disclose the purchase price. Ritchie oversaw almost \$3 billion in assets last year, but the firm has been hit with redemption requests from investors.

However, they said that Reservoir, a New York investment firm run by Daniel Stern, Craig Huff and Harlan Korenvaes, has agreed to pay half of the money up front. That money will be passed on to Ritchie investors who have asked to redeem.

Reservoir will pay the rest over three years. The final price depends on how the assets perform over the next three years, but it will range from 80 cents to 110 cents on the dollar, the person explained.

Oh boy, oh boy! Imagine getting an 80 cent return on a dollar! Whoo hoo. I'll be rich!

Well, here goes all those stupid hedge funds. Just yesterday, the various medias were telling us silly lies such as, the ocean of red ink generated by sub-prime lenders giving oodles of money to craven kids barely out of college playing Donald Effing Bankrupt Trump is now causing major entities to fall off the edge of the earth and into outer space.

This particular crew of pirates at Ritchie Hedgie Fundies are desperately throwing as much of these red ink entities overboard as fast as possible. They hope they, the earliest of the hedge fundies, will survive the mess they created. If a host of investors are toast, so what? As the kid who lied on his mortgage applications said, 'Hey, nobody stopped me from ripping them off!'

Here is some background for today's latest tale of woe:

Ritchie Capital Management Appoints Mark W. King to Head Risk for the Technology and Life Science Finance Group

CHICAGO, IL – July 26, 2005

Ritchie Capital Management, a diversified alternative asset management firm established in 1997, is pleased to announce Mark W. King, CFA, has been named Managing Director, Risk in the Technology and Life Science Finance Group. He will be responsible for all due diligence and operations required for funding and closing transactions.

"Mark's expertise in risk is vital to a successful finance business and, consequently, he will play an important role in the development of the Technology and Life Science Finance Group," said Thane Ritchie, CEO of Ritchie Capital Management.

Mr. King brings more than 15 years experience to Ritchie Capital Management. Most recently, Mr. King was

Senior Vice President, Risk Management for GE Commercial Finance. Earlier he was a Vice President, Senior Underwriter for Heller Venture Finance. Prior to that he was Vice President, Originations for LINC Capital from 1998 to 1999 and earlier he was a Vice President, Director of Credit, Portfolio and Operations. He began his career as a Program Officer with Opportunity International in 1988.

General Electric, a military/industrialist corporate Daddy Warbucks company is in deep trouble because of hedge funds and bad loans. Some executives from that monetary wonderland recently forced Home Depot to pay them a multi-million dollar ransom to eject some of these rapacious pirates from that organization that they were wrecking. Well, seems Richie Rich hired some of these clowns. And of course, they promised to make Richie richer.

There seems to be a never-ending supply of fools with money that needs parting and these party boys have a good story line to feed and they always cause epic disasters. I recall when trusts were the kings of the Wall Street...in 1929. As usual, these risk managers manage to risk everything on really risky risks. Then, when the ship sinks, they blame the weather or icebergs. Full steam ahead and oops.

If many people die because of these crummy risk managers, they refuse to take responsibility. Ain't their tub that is tanking.

Here is a Hedge Fund Center news story from over two years ago:

January 17, 2005—Ritchie Technology & Life Science Finance, a division of Ritchie Capital Finance, announced that it recently disbursed \$3 million in new debt financing to OmniGuide, Inc.

"The Ritchie Capital team demonstrated a substantial understanding of the medical device sector dynamics and delivered a very innovative financing solution to meet our current needs," said Dr. Steve Sheng, Chief Executive Officer of OmniGuide, Inc. "It was a pleasure to work with them." (About Ritchie Capital Ritchie Capital is a diversified alternative asset management firm established in 1997 with interests in hedge funds, commodities, private equity, specialty lending units, venture capital, insurance, energy and real estate with offices in Chicago and Geneva IL, New York, London, Bermuda, Hong Kong and Menlo Park, CA.)

Like the money that flowed like Moon River in the late 1990's to all those really awful online businesses, this fund seeks investments. This one here is actually useful. But the returns are slim. Compared to making money lending to con artists willing to pay 2/3rds of the interest due per month on loans of various properties and willing to pay credit-card rates after two years, this is real money! Seeking more funds and expecting these loans to be constant streams of easy money, nearly all the hedge funds fell into a trap of their own greed's devising.

Penniless people can pay \$50 a month on credit that grows each month as they are unable to pay off any of the balance and the interest adds onto the balance each month, slowly.

Note the 'slowly' part. But doing this on \$2 million mortgages is another story! The minute the properties decline in value, the borrower jumps ship! Instantly! Like, within less than three months. So the day housing ceased ballooning, the day of doom for all those wishful sub-prime loans dawned in a red/black sky with thunder and lightning.



**RITCHIE CAPITAL**

Guided by a shared culture of commitment to excellence and innovative thinking, the RITCHIE CAPITAL family of companies builds value for our business and capital partners through a broad range of alternative asset management, advisory, and commercial finance services.

From the jerks running the infamous and stupid School of Economics of Chicago University (yeah, my dad once worked for that school when I was born...)

Global Finance Roundtable

May 13, 2004 6:00 PM - 8:00 PM

International Finance;  
Corporate, Economic Overview,  
Investment Banking, & Hedge  
Funds

Principal, Hale Capital, LLC discusses key trends: Basel II implications, cost of capital, currency issues, inflation/deflation, jobs/jobless recovery, cultural/political difference PLUS what the major drivers of investment decisions are today. Director,

International Finance, RR

Donnelley covers the latest developments/best practices in measuring/managing corporate international risk PLUS how to apply risk management tools to key emerging markets of China, Mexico/South America, and India. Principal, William Blair & Company, LLC focuses on the cross-border investment banking trends in Europe PLUS how the changing dollar vs. Euro impacts transactions. Senior Managing Director, Strategy & Business Development, Ritchie Capital Management, presents the global macro approach.

The Richie Riches were very popular. They hopped all over the earth from symposium to round table telling everyone how to make money playing games with the corrupted yen/dollar valuations/interest rates. The only nation on earth with near or at zero interest rates is the second largest economy on earth who is also running a trade surplus! The insanity of this system is obvious but the players of this hedging game based on this beeswax were not going to change the rules, no siree.



**2005  
BLUE RIBBON  
HEDGE FUND  
SYMPOSIUM**

From another symposium in 2005:

You will be presented with the opportunity to network with hundreds of the most highly regarded names in the hedge fund community. Through our

audience development efforts, we routinely attract more LPs & Pension Plan Sponsors than any other hedge fund event in the US.

In addition, the 2005 Blue Ribbon Hedge Fund Symposium will run concurrently with our Private Equity Roundup and Institutional Real Estate Investor Forum. This gives participants a unique and unparalleled opportunity to custom design their own educational and networking experience and meet a wide array of alternative investment professionals. Strategic Research Institute pioneered concurrent alternative investment conferences several years ago, and with the convergence between the asset classes, the value of meeting all three groups is becoming increasingly important.

I thought I would share part of the list of attendees:

Pirate Capital LLC  
 Prisma Capital Partners  
 Prudent Bear Fund  
  
 Prudent Global Income Fund  
 Prudential Investment Management  
 Quest Management Inc.  
 RBC Capital Markets Corporation  
 Recon Capital  
 Recon Capital, LLC  
 Rimrock Capital Management LLC  
 Ritchie Capital Management

I can see the investors now! 'Oh, 'Pirate Capital'! What a delightful name! So trustworthy! Let's park our retirement funds there!

Yes, indeed. And they did. This is what is so baffling: these criminals were advertising who they were! Up front! How blatant does one have to be? 'The Bonnie and Clyde Corporation'? How about 'The Rip-off Artists Fund'? Or how about 'Criminal Trespass Inc'? I mean, the cons in the late 1920's used names that inspired trust! These guys don't even bother.

6 - 9 March 2006, Madinat Jumeirah , Dubai, UAE - United Arab Emirates From Hedge. Funds. World:



Here is yet another symposium of thieves:

Feb. 6th, 2007, Adrian Ash: "The number of these lightly regulated investment pools that trade commodities futures has zoomed to more than 100 from 60 or so a year ago, says David

Mooney, who runs a fund of commodity hedge funds for United Kingdom-based New Finance Capital,” according to the WSJ article. “Assets of the 100 funds he tracks have grown to \$24 billion from \$14 billion, both from profits and new investor money, he estimates...

“In the same year, though, bad energy bets have led to closures of Amaranth Advisors, MotherRock LP and Ritchie Capital Management LLC’s Ritchie Energy fund.”

Gold investors often think a sharp sell-off in all other asset classes is guaranteed to deliver them big gains. But the “systemic risk” between Yen carry trades, US bonds, Sterling cash deposits, emerging markets and complex derivative trades is likely to scorch us too when it ignites – at least in the short term.

Amaranth has gone down into the deep blue sea and up in flames to Valhalla. And wither Ritchie Capital Management?

To the moon.

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## **Con Artists Will Cause Economic Collapse**

Elaine Meinel Supkis



Wall Street finally noticed the bears breaking down the doors. Stocks slide down a mountain of bad news. The avalanche of bad loans to badder buyers is now hammering the entire world's financial markets. People who lied on their loan applications imagine they will skate away from their crimes free as a bird. No one has warned them that the law can be applied to them over several years. Fraud is fraud. Also, Stockton, Reagan's top economics advisor, is arrested for fraud.

From Market Watch:

U.S. stocks fell on Monday as a report that showed new home sales unexpectedly fell to a seven-year low in February fueled concern that a stumbling housing market might derail economic growth.

"The housing number was so far off forecasts that even with the bad weather we saw, it raises a lot of red flags," said Paul Mendelsohn, chief investment strategist at Windham Financial Services.

The housing market was abused by all and sundry to make money by artificially driving up the price of houses. Shady loan companies seeking to sign contracts conspired, yes, conspired criminally to allow unqualified people who lied on their applications, to get loans. Housing for lower income people shot up in value because of these phantom buyers who had no intention of living in these marginal properties but were seeking a quick profit in turning it over.

Normally, financial institutions force investors to invest something when they buy. Namely, they must produce a down payment then get a loan. If the loan forms ask if they will live in their properties, they must answer honestly.

Most if not all, ended up lying. Namely, claiming they would live somewhere before closing only to not live there at all. Interest rates on loans to empty buildings that are not owner-occupied are higher risks and thus, higher rates. Lying about this matter to get a lower rate is a criminal offence.

Here is a webpage run by a con artist who thinks he can skip out merrily after defrauding several mortgage companies to the tune of millions of dollars.

Casey Serin: I'm a 24 yr old "would-be real estate mogul" from Sacramento CA. After going to a few seminars I bought 8 houses in 8 months in 4 states with no money down looking to fix 'n flip. I made some mistakes and am now millions in debt, trying to avoid foreclosure, sell quickly, repay everyone, and share my lessons to help others in trouble.

I have been a landlady and have rebuilt quite a few properties over the years. Only for a short while, did I need any loans. Mostly, it was my own cash. Hard-earned money. I didn't want to belong to some bank. And I wanted to weather any property crashes intact. This con artist kid would like to pretend he was fixing slums and then selling them, something I used to do, honorably.

In several states at once? Several thousand miles from each other? I looked at photos of his 'investments' and they were mostly slums. To gain these properties, he happily and smugly admits he lied on his applications. He feels it is OK to steal if one isn't stopped.

I used to work with the Fortune Society. They rehabilitate criminals. My specialty was con artists. Nothing is more fun than to have a con artist behind bars with me grilling him. 'You can't fool me nor can you fool the judge,' I would warn them.

All con artists would like to believe, 'If it isn't locked up or nailed to the floor, I can steal it.' This belief is most strong. Honesty means, if one finds a wallet with money, one tries to return it to the owner, intact. I have lost wallets and gotten them returned by good citizens.

In other cases, the criminal would take the lost wallet and run up all the credit cards. This is a crime!

If a woman falls down drunk in the street, one can't rape her. If a cow breaks out of a pasture, one can't shoot it and eat it. The laws protecting people and property are pretty clear.

Lying about one's financial matters when asking for money is criminal. Period. At all levels, when doing this, one must tell the truth. When I used to fill out loan applications for people, I would start off with a minor scare: tell me the truth because this is a legal document!

Loan officers who took this cad's word were careless. They were stupid to give loans to the army of con artists who were not asked for down payments and proof of employment. But it still isn't their responsibility to catch liars.

It is the responsibility of the person asking for a loan to be honest!

More from that crazy blog run by that young con artist:

No more excuses! It's true. I lied on my loans.

I overstated my income, and misrepresented my owner-occupied status and concealed the cash-back-at-close from the bank. I knew it all along. Nobody made me do it. It was my fault. I take full responsibility.

This jerk pretends he is 'taking responsibility' but he isn't. He is not paying anyone back. The companies going bankrupt because of him and other speculators is still falling down the chute to hell. The people who couldn't buy homes because speculators like him drove the price higher and higher, out of reach, still have no homes. And if the world's banking and economic systems melt down because an army of cons lied on loan applications, the cost to humanity might even be so great as to start WWII for economic collapses can and do start world wars.

How can this singular fool comprehend the avalanche he has triggered? For avalanches are the right term here: one ice crystal, then another and another until the entire mountainside is thundering down the valley, killing everything in its path.

Our hedge funds and other investors who fell for the cons of this army of liars is in trouble but they don't want any regulations that would protect them from their own follies. From Market Watch:

In 2004, the Securities and Exchange Commission passed a rule requiring all funds to appoint an independent chairman and to make three-quarters of the board of directors independent. The rule came in the aftermath of the rapid-trading scandals of 2003 and was universally applauded by consumer groups. But the Investment Company Institute and several big-name fund firms -- most notably Fidelity Investments -- railed against it, saying it was unnecessary and costly.

The rule was rejected twice in federal appeals court, which cited the SEC's administrative process as a big part of the problem. So the agency reopened the discussion.

In December the SEC released two reports from the Office of Economic Analysis examining the costs and benefits of having a chairman and 75% of the fund's board independent from the investment adviser. Both sides of the debate had until March 2 to file comments.

And while there is no official word from the SEC yet, it is pretty clear talking to agency insider's that the issue

is dead.

So nothing will be fixed. It is rather breathtaking, watching various levels of con artists trying to get rich with minimum labor. The Chinese have been accumulating astonishing wealth by working extremely hard. The Saudis, by pumping oil. We are trying to get rich by accumulating debts and then going bankrupt.

Here is a con man who should be in prison for what he did when he persuaded Reagan to cut taxes but not spending. From Associated Press:

David Stockman, the former budget director in the Reagan White House, was charged in an indictment unsealed Monday with overseeing a sweeping fraud at a troubled auto parts supplier that he led before the company collapsed into bankruptcy.

\*snip\*

At a news conference, U.S. Attorney Michael Garcia said Stockman and his co-defendants "resorted to lies, tricks and fraud" to hide the truth about his failing company from investors and creditors.

Since Stockman conned Reagan, America has been on the wrong track and we are so deep in debt, it isn't funny. The entire economic system is set up to run in the red. The redder, the better.

This is a disaster. But like with Bush's gang, they get caught on the petty details. Stockman was always a con artist. I hope he rots in prison.

Russia has been working with the USA to make the crisis with Iran worse. MarketWatch

Crude-oil futures rose past \$63 a barrel Monday to their highest level in more than two weeks, buoyed by mounting tensions between Iran and the U.K. over the arrest of 15 British navy personnel in the Persian Gulf by Iranian forces and Iran's claims that they had illegally entered its waters.

Putin is a clever man. We are stupid. Russia makes its profits from high world energy prices. So we make things go nasty in the Gulf and Russia gets much, much richer. America gets poorer. China gets a lot of oil from Iran and today there are big headlines that China is siding with us against Iran.

But right now, Putin and Hu are together in Russia, holding meetings. Both know America's financial condition and both know if they keep us in the Middle East, bleeding both money and blood, they will win world domination. Understanding how our moral rot is leading to death and destruction is important. I have, over the years, noticed many intelligent people hold this bizarre idea that China and Russia want us solvent and will never, ever call in our debts or ever refuse to loan us whatever sums we want. This attitude permeates our culture.

America basically is lying on its loan applications with Russia and China. And we think they don't notice. But they have set a trap. Our investments in the Middle East are losing half a trillion dollars a year. The fight with Iran is like a homeowner trying to pump water out of a flooded house, going onto the roof and whacking a hole there during a thunderstorm.

And China is making more oil deals with Venezuela who is one of our top suppliers. ([Xinhua](#))

China focuses on achieving mutual benefits when carrying out economic cooperation with Venezuela, an senior official of the Communist Party of China (CPC) said here Sunday.

Li Changchun, who flew in here for a goodwill visit to Venezuela Sunday afternoon, paid a visit to the office of CNPC America Ltd. in Venezuela immediately after his arrival in Caracas.

After listening to a briefing about the company's operation in Venezuela and in other parts of the world, Li said Chinese companies should precede from the win-win principle of mutual benefits to carry out economic cooperation outside China.

So as we played real estate games, China has been busily weaving a web of treaties and contracts that will tie up many markets and world resources for the next 20 years. The whole world funnels money and goods to our nation but the Chinese are totally determined to stop that and reverse it.

Which brings us to today's stock market: it fell due to the incredibly bad news from the domestic real estate front. Everyone with half a brain knows, America's spending spree was fuelled 100% by artificially high asset rises caused by an army of con artists lying on loan applications. And if these millions of cheats go bankrupt, this will destroy the entire economic pyramid which will now collapse.

The sub-prime loans, many of which went to con artists, are over \$10 trillion. Trillion, not billion. If only 30% of them go into default, that is \$3 trillion. The Federal deficit is almost \$9 trillion. There is no way our government can fix this hole, is there? If all \$10 trillion go belly-up, this would be like our government going bankrupt. 86% of adjustable rate mortgages are on properties the owners hold less than 30% of the value. Namely, these are properties steeped in debt with little reason for the owners to hang on if the value drops more than 15%.

Even today, most mainstream publications are suggesting this anvalanche won't destroy us. They make some very mistaken comparisons such as 'Investors lost \$600 billion during the last stock market fall,' without saying that loans for homes are not like stocks: the monetary value of a stock isn't real unless the holder sells.

Namely, one can gain or lose a fortune but this never enters the money stream if one does this by sitting on some stocks. Same with houses. My own goes up and down in value but this is meaningless if I am not selling.

But loans are actual money. Someone on this earth worked hard and saved money and this was 'invested' in a loan company that offered the person giving over the savings, good returns. If the people getting the loans default, this money vanishes. Never to be regained. This is why loan crashes are not painless. Banks didn't come up with them magically, they represent hours worked, somewhere.

There are lots and lots of very nervous investors today. The stock market rose at the end of the day only because of the 'blue chips' being bought up...I suppose by foreigners, seeing so few Americans have much money to play these games. These investors all hope this train wreck won't make them poorer. Alas, history shows, it is now inevitable.

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