

Return of the Robber Barons

by Paul Craig Roberts via rialator - ICH Thursday, Aug 2 2007, 11:41am
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Mirror image: the treasonous John Howard

Anyone who imagined that grubby little racist and U.S. lackey John (despicable coward) Howard, had an original thought in his head read the following article relating to the U.S. and remove all doubts regarding Howard's status as slave to Bush, importer of the unfair U.S. labour system, lackey to the Corporations, especially the criminal directors and CEOs. Read, learn and discover for yourself the American lackey that Howard really is. Never in Oz history has the nation witnessed a Prime Minister surrender the entire nation and culture to a foreign power - treason would not be too strong a word!



Howard's real flag

As the Bush Regime outfits B-2 stealth bombers with 30,000 pound monster “bunker buster” bombs for its coming attack on Iran, the US economy continues its 21st century decline. While profits soar for the armaments industry, the American people continue to take it on the chin.

The latest report from the Bureau of Labor Statistics shows that the real wages and salaries of US civilian workers are below those of 5 years ago. It could not be otherwise with US corporations offshoring good jobs in order to reduce labor costs and, thereby, to convert wages once paid to Americans into multi-million dollar bonuses paid to CEOs and other top management.

Good jobs that still remain in the US are increasingly filled with foreign workers brought in on work visas. Corporate public relations departments have successfully spread the lie that there is a shortage of qualified US workers, necessitating the importation into the US of foreigners. The truth is that the US corporations force their American employees to train the lower paid foreigners who take their jobs. Otherwise, the discharged American gets no severance pay. [See, for example, http://www.amren.com/mtnews/archives/2006/06/bofa_train_your.php]

Law firms, such as Cohen & Grigsby, compete in marketing their services to US corporations on how to evade the law and to replace their American employees with lower paid foreigners. As Lawrence Lebowitz, vice president at Cohen & Grisby, explained in the law firm’s marketing video, “our goal is clearly, not to find a qualified and interested US worker.”

Meanwhile, US colleges and universities continue to graduate hundreds of thousands of qualified engineers, IT professionals, and other professionals who will never have the opportunity to work in the professions for which they have been trained. America today is like India of yesteryear, with engineers working as bartenders, taxi cab drivers, waitresses, and employed in menial work in dog kennels as the offshoring of US jobs dismantles the ladders of upward mobility for US citizens.

Over the last year (from June 2006 through June 2007) the US economy created 1.6 million net private sector jobs. As Charles McMillion of MBG Information Services reports each month, essentially all of the new jobs are in low-paid domestic services that do not require a college education.

The category, "Leisure and hospitality," accounts for 30% of the new jobs, of which 387,000 are bartenders and waitresses, 38,000 are workers in motels and hotels, and 50,000 are employed in entertainment and recreation.

The category, "Education and health services," accounts for 35% of the gain in employment, of which 100,000 are in educational services and 456,000 are in health care and social assistance, principally ambulatory health care services and hospitals.

"Professional and technical services" accounts for 268,000 of the new jobs. "Finance and insurance" added 93,000 new jobs, of which about one quarter are in real estate and about one half are in insurance. "Transportation and warehousing" added 65,000 jobs, and wholesale and retail trade added 185,000.

Over the entire year, the US economy created merely 51,000 jobs in architectural and engineering services, less than the 76,000 jobs created in management and technical consulting (essentially laid-off white collar professionals).

Except for a well-connected few graduates, who find their way into Wall Street investment banks, top law firms, and private medical practice, American universities today consist of detention centers to delay for four or five years the entry of American youth into unskilled domestic services.

Meanwhile the rich are getting much richer and luxuriating in the most fantastic conspicuous consumption since the Gilded Age. Robert Frank has dubbed the new American world of the super-rich "Richistan."

In Richistan there is a two-year waiting list for \$50 million 200-foot yachts. In Richistan Rolex watches are considered Wal-Mart junk. Richistanians sport \$736,000 Franck Muller timepieces, sign their names with \$700,000 Mont Blanc jewel-encrusted pens. Their valets, butlers (with \$100,000 salaries), and bodyguards carry the \$42,000 Louis Vitton handbags of wives and mistresses.

Richistanians join clubs open only to those with \$100 million, pay \$650,000 for golf club memberships, eat \$50 hamburgers and \$1,000 omelettes, drink \$90 a bottle Bling mineral water and down \$10,000 "martinis on a rock" (gin or vodka poured over a diamond) at New York's Algonquin Hotel.

Who are the Richistanians? They are CEOs who have moved their companies abroad and converted the wages they formerly paid Americans into \$100 million compensation packages for themselves. They are investment bankers and hedge fund managers, who created the subprime mortgage derivatives that currently threaten to collapse the economy. One of them was paid \$1.7 billion last year. The \$575 million that each of 25 other top earners were paid is paltry by comparison, but

unimaginable wealth to everyone else.

Some of the super rich, such as Warren Buffet and Bill Gates, have benefitted society along with themselves. Both Buffet and Gates are concerned about the rapidly rising income inequality in the US. They are aware that America is becoming a feudal society in which the super-rich compete in conspicuous consumption, while the serfs struggle merely to survive.

With the real wages and salaries of American civilian workers lower than 5 years ago, with their debts at all time highs, with the prices of their main asset--their homes--under pressure from overbuilding and fraudulent finance, and with scant opportunities to rise for the children they struggled to educate, Americans face a dim future.

Indeed, their plight is worse than the official statistics indicate. During the Clinton administration, the Boskin Commission rigged the inflation measures in order to hold down indexed Social Security payments to retirees.

Another deceit is the measure called "core inflation." This measure of inflation excludes food and energy, two large components of the average family's budget. Wall Street and corporations and, therefore, the media emphasize core inflation, because it holds down cost of living increases and interest rates. In the second quarter of this year, the Consumer Price Index (CPI), a more complete measure of inflation, increased at an annual rate of 5.2% compared to 2.3% for core inflation.

An examination of how inflation is measured quickly reveals the games played to deceive the American people. Housing prices are not in the index. Instead, the rental rate of housing is used as a proxy for housing prices.

More games are played with the goods and services whose prices comprise the weighted market basket used to estimate inflation. If beef prices rise, for example, the index shifts toward lower priced chicken. Inflation is thus held down by substituting lower priced products for those whose prices are rising faster. As the weights of the goods in the basket change, the inflation measure does not reflect a constant pattern of expenditures. Some economists compare the substitution used to minimize the measured rate of inflation to substituting sweaters for fuel oil.

Other deceptions, not all intentional, abound in official US statistics. Business Week's June 18 cover story used the recent important work by Susan N. Houseman to explain that much of the hyped gains in US productivity and GDP are "phantom gains" that are not really there.

Other phantom productivity gains are produced by corporations that shift business costs to consumers by, for example, having callers listen to advertisements while they wait for a customer service representative, and by pricing items in the inflation basket according to the low prices of stores that offer customers no service. The longer callers can be made to wait, the fewer the customer representatives the company needs to employ. The loss of service is not considered in the inflation measure. It shows up instead as a gain in productivity.

In American today the greatest rewards go to investment bankers, who collect fees for creating financing packages for debt. These packages include the tottering subprime mortgage derivatives. Recently, a top official of the Bank of France acknowledged that the real values of repackaged debt instruments are unknown to both buyers and sellers. Many of the derivatives have never been priced by the market.

Think of derivatives as a mutual fund of debt, a combination of good mortgages, subprime

mortgages, credit card debt, auto loans, and who knows what. Not even institutional buyers know what they are buying or how to evaluate it. Arcane pricing models are used to produce values, and pay incentives bias the assigned values upward.

Richistan wealth may prove artificial and crash, bringing an end to the new Gilded Age. But the plight of the rich in distress will never compare to the decimation of America's middle class. The offshoring of American jobs has destroyed opportunities for generations of Americans. Never before in our history has the elite had such control over the government. To run for national office requires many millions of dollars, the raising of which puts "our" elected representatives and "our" president himself at the beck and call of the few moneyed interests that financed the campaigns.

America as the land of opportunity has passed into history.

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Disgusting racist coward, Corporate lackey, despicable U.S. slave and Traitor

<http://www.informationclearinghouse.info/article18109.htm>

Cleaves Alternative News. <http://cleaves.lingama.net/news/story-627.html>