

THE FUEL OF DISCONTENT IS EVER-PRESENT, TODAY**Are The Seeds Of Civil Disobedience, Being Sown ?**

There is reason for concern, grave concern, about the situation in the largest, single economy of the world.

The fears of many, today, are that things could become a lot worse before they improve, materially.

There seems good, rational and logical reasons for this belief.

Whether or not another recession in the United States of America is on the cards is anybody's guess, but it, certainly, cannot be completely ruled out although, to listen to Dr Ben S. Bernanke, when addressing a banking conference, last Wednesday, in Atlanta Georgia, such a likelihood is quite improbable.

This celebrated economist, who is the Chairman of The Federal Reserve, said, inter alia, that the economy of the US would recover in the second half of this year. He went on to state:

'Overall, the economic recovery appears to be continuing at a moderate pace, albeit at a rate that is both uneven across sectors and frustratingly slow from the perspective of millions of unemployed and underemployed workers.'

The employment situation in the US in respect of the month of May was a shocker, without question, and, if June's statistics are anywhere near those of May's, it would not be unfair to state that, in the words of William Shakespeare: *'Something is rotten in the State of Denmark.'*

Some of the findings of the US Government's Bureau of Labour Statistics in respect of the month of May included:

'Nonfarm payroll employment changed little (+54,000) in May, and the unemployment rate was essentially unchanged at 9.1 percent ... The number of unemployed persons (13.9 million)... In May, the number of long-term unemployed (those jobless for 27 weeks and over) increased by 361,000 to 6.2 million; their share of unemployment increased to 45.1 percent... The number of persons employed part time for economic reasons (sometimes referred to as involuntary part-time workers) was essentially unchanged in May at 8.5 million. These individuals were working part time because their hours had been cut back or because they were unable to find a full-time job ... In May, 2.2 million persons were marginally attached to the labor force, about the same as a year earlier. These individuals were not in the labor force, wanted and were available for work, and had looked for a job sometime in the prior 12 months. They were not counted as unemployed because they had not searched for work in the 4 weeks preceding the survey ... Among the marginally attached, there were 822,000 discouraged workers in May, a decrease of 261,000 from a year earlier ... Discouraged workers are persons not currently looking for work because they believe no jobs are available for them. The remaining 1.4 million persons marginally attached to the labor force in May had not searched for work in the 4 weeks preceding the survey for reasons such as school attendance or family responsibilities ... Employment in manufacturing changed little in May (-5,000)... Employment in other major industries, including retail

trade, transportation and warehousing, information, financial activities, and leisure and hospitality, changed little in May... '.

Now, US President Barack Hussein Obama has claimed, on many occasions, that things are improving in The Land of The Free and The Home of The Brave and that his Administration is working hard to ameliorate the plight of the 13.90 million citizens of the country, who are unemployed and have no means of support.

The truth of the matter, as **TARGET** () stated, last Tuesday, is that the largest economy of the world has stalled: One need not be a crackerjack economist to come to this conclusion.

Please Refer To:
[**TARGET Intelligence Report, Volume XIII, Number 104,**](#)
Pages 13 and 14.

Simply put, the US economy is not creating a sufficiency of new jobs to take up the slack, caused by about 150,000 new entrants, entering the labour market, monthly.

Nothing is more painful to a man or a woman than hunger pangs.

Many able-bodied workers in the US have been desperately looking for work, but they have been unable to find positions; they are discouraged, no doubt; they are angry, undoubtedly; they are the embodiment of the fuel of discontent, which could well lead to civil unrest.

The 1929 Great Depression resulted in unemployment in the US, reaching about 25 percent, and the pain of that situation, for many Americans, many of whom were the survivors of World War I, was so excruciating that, in New York, they took to the streets in protest of their plight: They were, simply, hungry; and, they knew of no way out of their dilemma; they were lost and tormented by a situation which seemed intolerable.

One recalls the summer of 1932 when tens of thousands of marchers descended on Washington D.C., demanding immediate cash-payment redemption of their service certificates, which could not be redeemed by law until 1945.

President Herbert Hoover ordered the army to clear the veterans' campsite in the Capitol and Army Chief of Staff General Douglas MacArthur commanded the infantry and cavalry, supported by 6 tanks. The Bonus Army marchers, as the protestors were dubbed at the time, with their wives and children, were driven out, and their shelters and belongings burned.

Prior to General Douglas MacArthur, bringing in the troops, Washington police had shot and killed 2, World War I veterans who were part of the organised mêlée._

Greece

Greece, today, is witness to a similar situation to that which the US worker is, currently, facing, but, in this European country, which is the cradle of democracy, tens of thousands of workers are outwardly complaining about their lot that seems set to deteriorate even further due to the austerity measures that the Government has agreed to impose on the country.

To be trite: Greece could be likened to a powder keg, waiting to explode.

Because Greece is on the balls of its economic arse, so to speak, and the country is unable to meet its international financial obligations as they fall due, the **European Union (EU)** and the **International Monetary**

Fund (IMF) have jointly agreed to lend the country another €110 billion, next month.

This is in addition to the May 2010 a rescue package that involved giving Greece an immediate €45 billion in bail-out loans.

The unemployment level in Greece rose to about 16.20 percent in March. The number of people, unemployed, has risen by about 40 percent, Year-On-Year.

On November 15, 2010, Greece's 2009 Government Deficit stood at 15.40 percent of the **Gross Domestic Product (GDP)** and Government Debt, alone, stood at 126.80 percent of GDP, making the country, being the proud possessor of the biggest deficit (as a percentage of GDP) among EU member nations.

Ireland is in a similar situation to Greece, today.

Spain and Portugal are being viewed similarly and, like tenpins, they are likely to be the next countries to be knocked down, causing their respective governments to go, cap in hand, looking for a handout from the EU and/or the IMF.

Only last Tuesday, US President Barack Hussein Obama had a meeting with Chancellor Angela Merkel of The Federal Republic of Germany, imploring her to take the lead in the EU and to assist Greece in resolving its problems.

It is, indeed, rare for a US President to go to a European leader, asking that leader to find a financial cure for what ails the nations of this part of the world.

President Barack Hussein Obama said, among other things:

'America's economic growth depends on a sensible resolution of this issue (the crisis, confronting Greece). It would be disastrous for us to see an uncontrolled spiral and default in Europe because that could trigger a whole range of other events.'

The US President, also, said that his Administration would be willing to assist where-ever and when-ever possible in remedying the situation in Greece.

The United States of America

In the US, one has been told for the past 4 years or so of economic stimulus packages, valued at hundreds of billions of dollars, and that these packages would save the American *'bacon'* from being burnt to a crisp.

Banks, agreeing to be rescued by the US Government, had to part with large slices of their equities in return for funds to plug their leaking financial dykes. The US Government selected certain motor-vehicle producers which were given cash for material equity positions. The largest insurance company in the world, American International Group Incorporated, was bailed out with some more cash, amounting to not less than \$US267.50 billion.

Tax cuts to industry, cash to the needy, spending increases by the US Government, and the Federal Reserve, slashing interest rates to record-low levels of next to zero, all have had little to no material effect ... as has been proven, at least in part, by last Friday's data, collected, collated and analysed by the US Labour Department's Bureau of Labour Statistics.

The one thing that the US Government has been able to achieve, however, is to increase the country's fiscal deficit to a record level.

The global economic downturn, the sub-prime mortgage crisis, investment bank failures, falling home prices, and tight credit pushed the US into a recession by middle of 2008.

The GDP contracted until the third quarter of 2009, making this the deepest and longest downturn since the Great Depression of 1929.

To help to stabilise financial markets, The US Congress established a \$US700 billion **Troubled Asset Relief Programme (TARP)** in October 2008. The US Government used some of these funds to purchase equities in select US banks and other industrial corporations, much of which had been returned to the Government by early 2011.

In January 2009, the US Congress passed into law a bill to provide an additional \$US787 billion fiscal stimulus to be used over a period of 10 years, with about 66 percent of that amount of money to be utilised on additional spending and about 33 percent on tax cuts.

All this, one was told, would create jobs and help the economy to recover.

In November 2010, in an attempt to keep interest rates from rising and expunging or negating the nascent recovery in the US economy, the US Federal Reserve announced that it would purchase \$US600-billion worth of US Government bonds by June 2011.

And, then, along came the Friday, June 3, 2011, testimony from Commissioner Keith Hall, the Commissioner of The Bureau of Labour Statistics, with regard to the May employment/unemployment situation.

It is estimated that about 12 percent of the entire population of the US, today, that is about 37.56 million people, are living below the poverty line.

In short, these people are hungry.

The US is the world's largest debtor, owing not less than \$US13.98 trillion.

The prices of homes in the US continue to be, in many cases, down between 6 percent and 9 percent, Year-On-Year, according to US National Association of Realtors.

It is well accepted that the backbone of any economy lies in the market price of its real estate.

Prices of homes in the US continue to contract.

In the first quarter of 2011, house prices have fallen by about 33 percent from their highest point, the largest fall since The Great Depression of 1929.

According to the US Government's Bureau of The Census, sales of new, one-family houses in April 2011 were at a seasonally adjusted annual rate of 323,000 units.

This is 7.30-percent above the revised March rate of 301,000 units, but is 23.10 percent below the April 2010 estimate of 420,000 units. The median sales price of new houses, sold in April 2011, was \$US217,900; the average sales price was \$268,900.

The seasonally adjusted estimate of new houses for sale at the end of April was 175,000 units. This represents a supply of 6.5 months at the current sales rate.

From month to month, a number of gurus of Wall Street paint various pictures of the largest single economy of the world, depending on the time of the month and which one was recently rejected by his/her spouse.

It was only a year or so ago that one was told that, if one was not fully invested, it was too late.

Well, as far as this medium is concerned, for those investors who did not listen to this Guru of The Big Mouth, they still have some money in their pockets.

Because the situation, as far as the US economy is concerned, is far from being clear and, if anything, it is precarious in the extreme.

It is a well-worn axiom that a market that cannot rise, must succumb and, eventually, fall.

The key indices of Wall Street are not rising in real terms although, from month to month, one may see gains, being recorded, only to see those gains disappear within an equal length of time.

If the situation in the largest single economy continues to deteriorate, apace, the seeds will be sown for civil disobedience.

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