

The Hypocrisy of US Anti-Trump Economists

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Short Communication

A few days before the US presidential elections of November 8th, the media - the Wall Street Journal primarily - published on November 1st (Halloween - the night of sacred spirits) a public letter by "prominent" economists and academics (including eight Nobel Laureates), defining Trump as dangerous and destructive for the country, strongly recommending not to vote for him and, in essence, elect Clinton. The letter consisting of one page of content and eight (!) pages of signatures (do signatures count more than content?) was a harsh rebuke of the danger of a presidency that would according to the signatories badly damaged the country, defining him as a type of unwieldy dilettante. Other economists appended themselves to science, Stiglitz and Krugman, who often preach well but practice poorly [1-9], to express profound disagreement with someone whose "statements reveal a deep ignorance of economics and an inability to listen to credible experts" as they are or rather believe they are.

This open letter demonstrates the profound hypocrisy of a group of scholars who have ridden finance, differing from economics, letting it ride them and leading the country to global failure. Instead of this letter, which demonstrates the arrogance of those who think they have the truth in their pockets, they should have written a letter of apology to all American citizens for their cultural model that has led them to the poorhouse. The letter is a clear statement of the toxic relationships that have developed over the years between politics, finance and academia. It is no coincidence that Clinton's campaign was supported by Wall Street finance [10-16].

The terms and concise content of the letter leave no room for doubt that should always be present in human sciences, positioning economics, or rather finance, as the ends to achieve a just and happy society. Instead, it is exactly the opposite, the ends are society, equality, freedom, life and the right to the pursuit of happiness as stated in the Declaration of Independence that is still celebrated on July 4th. The economists' declarations highlight the possibility that choosing Trump could call into question the realization of those rights upon which the American Constitution is based and which must be guaranteed [17-26]. The reality is different, however, because precisely the sociocultural model supported by the teachers of the economics/finance temple has voided those rights leading the country to facing social chaos and a revolution that ignites in human history when the limits of mutual tolerance are forgotten. Let us look at the state of the country in facts and not in the opinionated declarations that are more mythological than scientific [27-33].

The transfiguration of economics into finance and from a social and moral science into an exact science occurred in a precise period of time as shown by empirical evidence and the related graphs, namely, between 1971 and 1975 when Nixon declared the end of the convertibility of paper money into a real good, in this case gold. From that moment, the separation of paper money and its real equivalent marked the beginning of mythological finance and the final transformation of a social science such as economics into an exact science. Paper money and finance in becoming infinitely reproducible assumed the role of incontrovertible truth and dominated the real world, which being limited and measurable is entirely incompatible.

The evidence of the logic and the facts is defeated in the face of interests that arrive at thinking of using finance as a hegemonic and predatory weapon of society, equality, freedom and happiness. US society became highly oligarchic and when the concentration of wealth increases its upward polarisation, as is now the case, society begins to disintegrate, the middle classes that are the leaven of Western societies disappear and the system becomes at risk of implosion as demonstrated by the daily blood spills that jeopardize society's normalcy [34-38].

The rest, up to the present day, is simply confirmation of such wholly unfounded assumptions. Endless finance without actual returns thus became rational and studied with the same mindset of those who study the exact and positive sciences. However, in these sciences the relationship between cause and effect are independent of human nature and emotions, while in economics they are fundamental to understanding its evolution. This new scholarly figure has completely burned the bridges with the humanistic culture and the dramatic reality of the consequences of this deceptive operation is before our eyes. The more we deal with economics the worse it becomes and the forecasts of future trends do not even last "l'espace d'un matin". We cannot study economics, a social science, as Keynes claimed in a specialized manner and without a mix of competencies including mathematics, history, philosophy and politics, without moving from the abstract to the concrete and the particular to the general, and especially, as he suggested, one cannot not know human nature and its role in guiding human society: "The master-economist must possess a rare combination of gifts He must be mathematician, historian, statesman, philosopher—in some degree. He must understand symbols and speak in words. He must contemplate the particular, in terms of the general, and touch abstract and concrete in the same flight of thought. He must study the present in the light of the past for the purposes of the future. No part of man's nature or his institutions must be entirely outside his regard. He must be purposeful and disinterested in a simultaneous mood, as aloof and incorruptible as an artist, yet sometimes as near to earth as a politician." [39-40].

Today, the letter writers have helped to erode the social capital of a great country, undermining the foundations of its social holding. The US is the second largest country in the world for inequality, the first for incarceration (the United States has 4% of the global population, yet 24% of the world's prison population!), 30% of global debt, unemployment masked by underemployment - especially graduates in business school - constantly reducing wages with a consequent increase in poverty (one in five Americans needs a good meal) and their children

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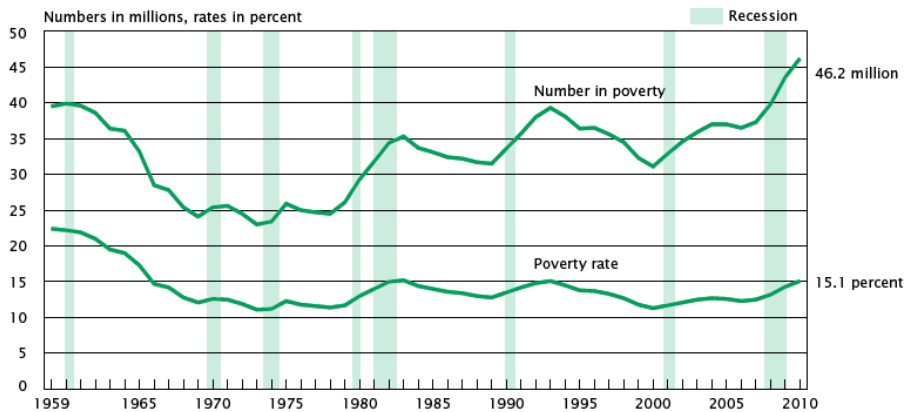
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are the poorest of Western societies [41-44], exceeded only by Romania as evidenced by the following graphs (Figures 1-8).

Manufacturing activities that generate real wealth have been relocated to follow the "create shareholder value" mantra and constitute only 10% of GDP compared with 24% of services and paper money, the Dow Jones only growing thanks to the financial manipulation that

allows corporations to use their profits to purchase treasury shares. The finance culture and liquidity without manufacturing as a solution to resolving the crisis has placed the US into a sort of rattrap. Indeed, the use of QE continuously places liquidity in the system but does not detach from GDP growth as can be seen from the following charts (Figures 9-14) [45-47].



Note: The data points are placed at the midpoints of the respective years.
Source: US Census bureau, Current population survey, 1960-2011 Annual Social and Economic Supplements.

Figure 1: Number in poverty and poverty rate: 1959 to 2010.

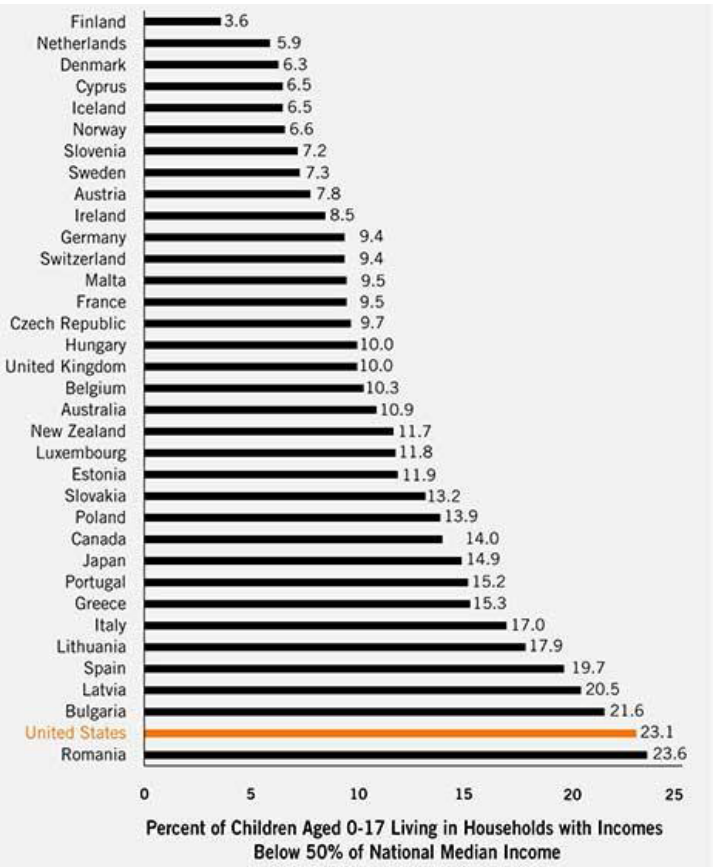
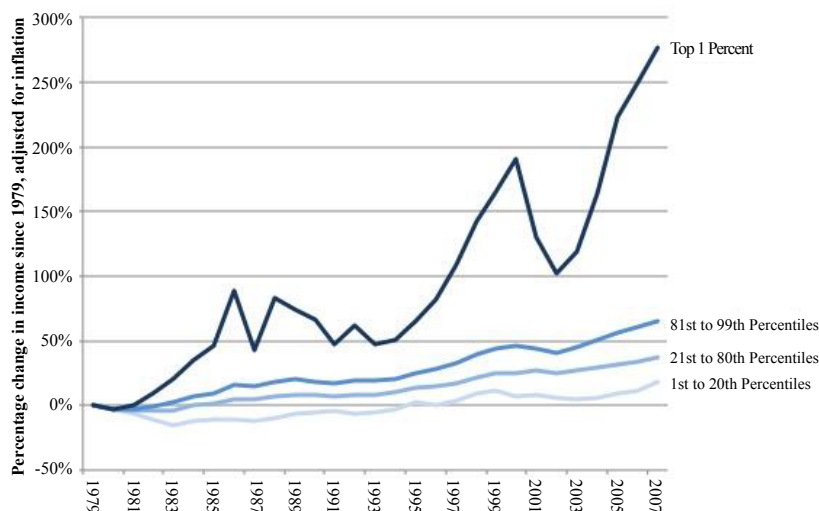


Figure 2: US rank second to last in child poverty.



Source: Congressional budget office/Graphic: Hagir Bachrach.

Figure 3: Distribution of Household income.

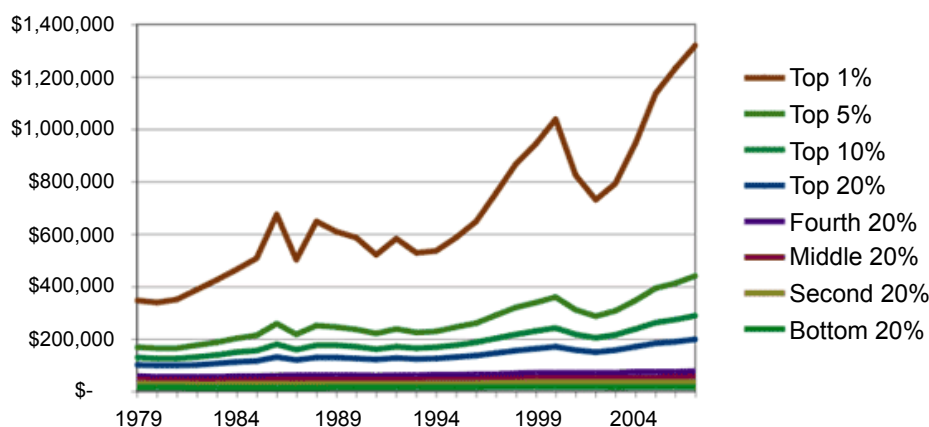


Figure 4: Average after tax income by income group 1979-2007 (in 2007 dollars).

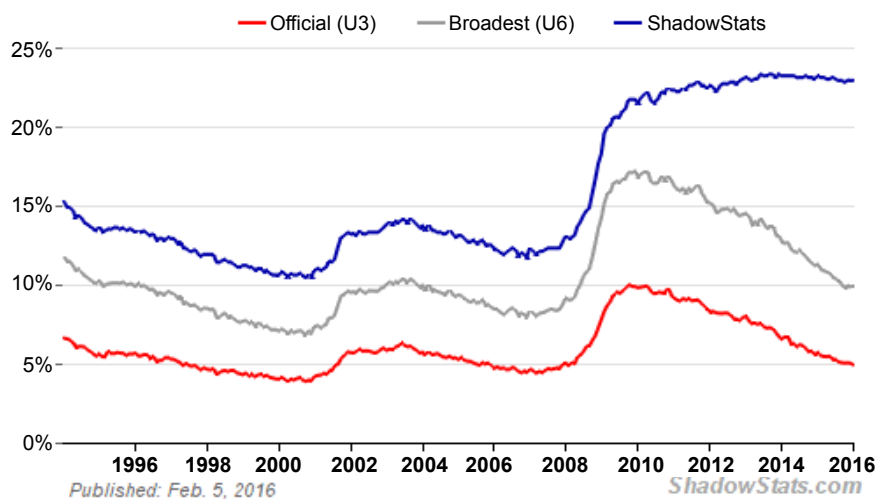


Figure 5: Unemployment rate- Official (U-3 & U-6) vs. Shadow stats alternate.

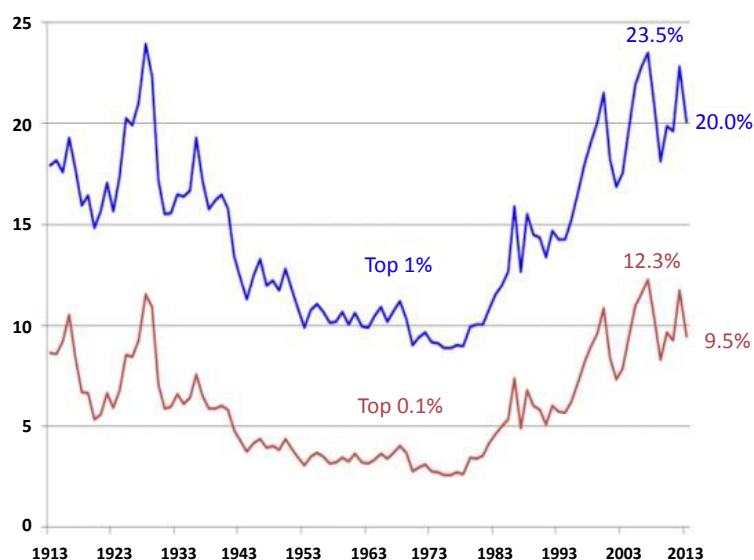


Figure 6: US income shares of top 1% and top 0.1% households-Incl. capital gains (1913-2013).

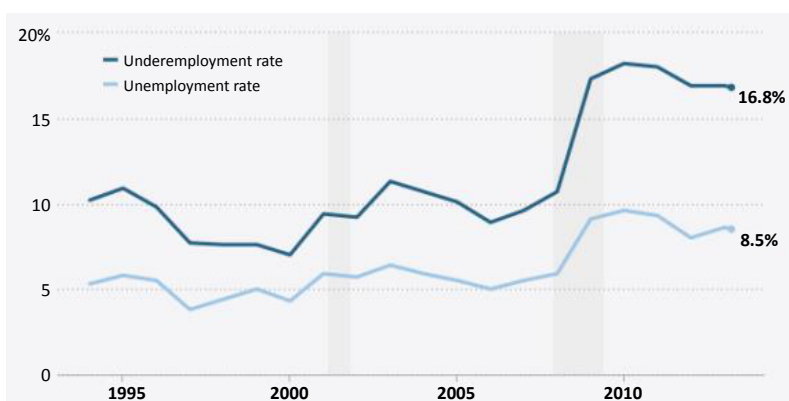


Figure 7: Unemployment and under employment rate s of young college graduates, 1994-2014*.

*Data for 2014 represent 12 months average from April 2013 to March 2014.



Unemployment and under employment rate s of young college graduates, 1994-2016*.

*Data reflects 12 month moving averages; data for 2016 represent 12 month average from March 2015 to February 2016.

Figure 8: One third of young high school graduates are under employed.

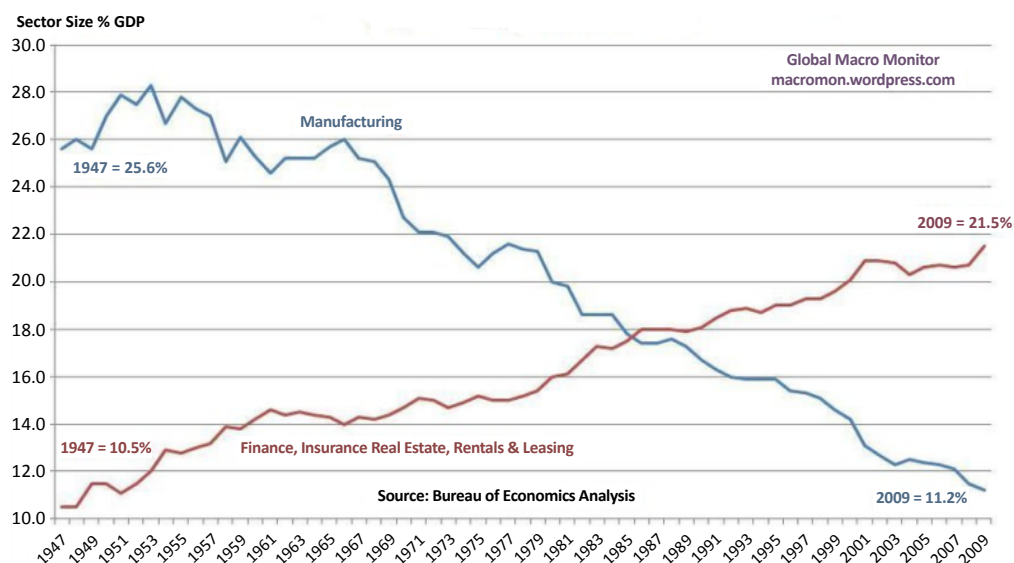


Figure 9: America's Fire Economy, Finance, Insurance and real estates vs. manufacturing (Value added by sector % of GDP).

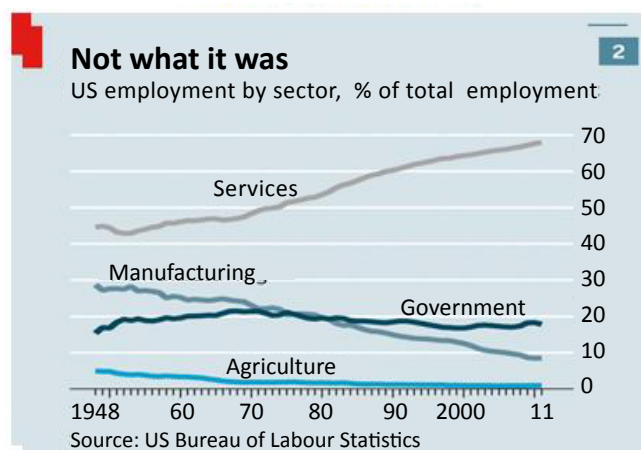


Figure 10: New Composition of GDP –USA: No manufacturing, only services. No real Economy only infinite finance.



Source: US department of labor: bureau of labor statistics.

Figure 11: All employees manufacturing(MANEMP).

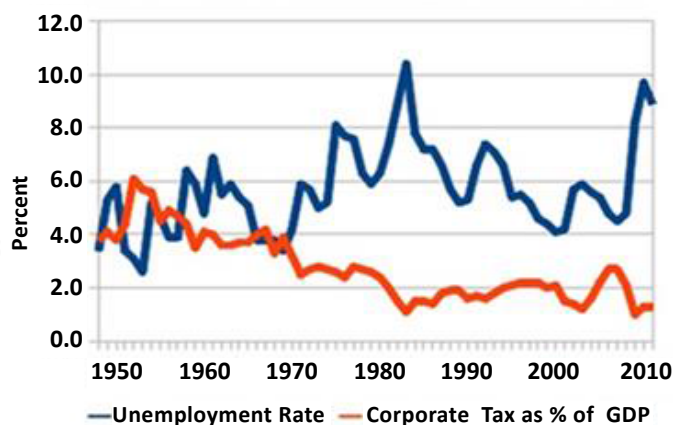


Figure 12: Lower corporate taxes don't create jobs.

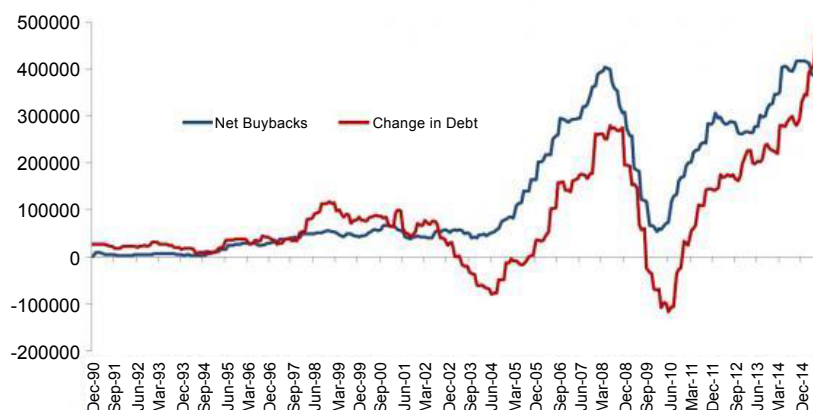


Figure 13: Net buybacks and change in debt from US companies report and account.

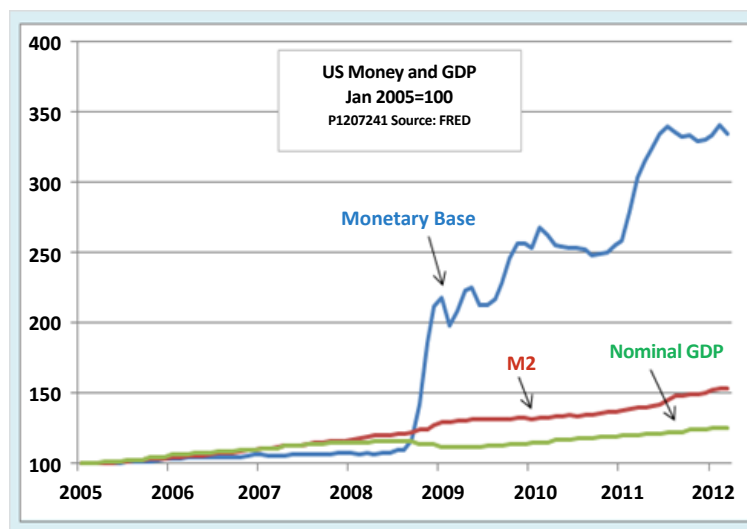


Figure 14: US Money and GDP.

We could continue with the dramatic list of errors thanks to legitimising this socio-cultural model that has invalidated all preambles of the declaration of fundamental human rights written in 1948 with the blood of two wars.

This crisis was created by men and not by natural and unpredictable events and many of these are among the signatories of a letter that serves to maintain a legitimacy that is failing because, as Einstein said,

it is quite evident that “we can't solve problems by using the same kind of thinking we used when we created them”.

Trump proposes putting a patch over their mistakes and the consensus achieved demonstrates how much the dissatisfaction and anger over the denial of fundamental rights confide in their man of choice, and their choice must be respected. The new president Trump could perhaps suggest to the distinguished “scientists” to take a sabbatical and go to work in the fields or in the warehouses of some company to try to understand the buying-production-sales cycle. They would then rediscover a relationship with the real world to which they must return and perhaps even understand the meaning of human life and its essential emotionality [48,49].

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