The Invisible Hand (of the U.S. Government) in Financial Markets

by Robert Bell

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Summary: The U.S. government is manipulating all major U.S. financial markets—stocks, treasuries, currencies. This article shows how it is possible and how it is done, why it is done, who specifically is doing it, when they do it, and where they get the money to do it.

Most people probably believe that the major capital markets in the U.S. are basically true markets with, occasionally, maybe very occasionally, a little bit of rigging here and there. But evidence shows that the opposite is the case—the rigging is fundamental with a little bit of true markets here and there. I have discussed how this works concerning U.S. and some other stock markets in an earlier article.1[1] Here I will primarily discuss the rigging of currency and U.S. Treasury markets.

Perhaps the main reason for the urban legend that major markets are not generally rigged is that they are assumed to be too big; the millions of independent buyers and sellers, worldwide because of globalization, make effective and sustained coordination impossible. The implicit assumption is that any market could be systematically rigged if it were small enough, or at least small enough at some critical choke point.

Little Markets

In the case of the market for U.S. Treasuries, the *Financial Times* summed up exactly how small it really is in two major stories, one just under the masthead on page one, on 24 January 2005. One story began, “During the past few years the US has become dependent, not so much on millions of investors around the globe but on a few individuals in a few of the world’s central banks.”2[2] In 2003 these central bankers bought enough treasuries to cover 83% of the U.S. current account deficit, and 86% of those purchases came from Asian central banks.

The two main sources of money for U.S. Treasuries are the central banks of Japan and China. Japan held about $715 billion in U.S. Treasuries, as of November 2004, and China held about $191 billion.3[3] All the other nations’ central banks hold altogether, about the same amount again, roughly another trillion.

As the total of all obligations is about $4 trillion, two central banks obviously hold about one quarter of the total. They are in the position to pump or dump the Treasury market all by themselves. They can sell what they have or simply stop buying when the Treasury sells.

Since the money comes from a handful of foreign central banks, the possible rigging of the Treasury market equals the possible rigging of the foreign exchange markets. These central banks have to buy dollars before they buy Treasuries. Even Alan Greenspan has acknowledged that the two go together, admitting that Asian central banks “may be supporting the dollar and U.S. Treasury prices somewhat.”4[4]

U.S. stock markets are also capable of being systematically rigged, and for the same reason—a handful of players can dominate if they coordinate their actions. The key choke point is in the number of mutual funds, which themselves hold about 20% of all the stock in the major markets. Of the over 8000 all-stock mutual funds, a mere 497 hold roughly three-fourths of the stock. This is easily a small enough number to pump the market, whether through coordinated buying disguised as programmed trading, or simply a follow-the-leader mechanism. All the other thousands of funds and the millions of individuals around the globe putting their money into these markets can do little more than follow the momentum. No major U.S. stock market writer, advisor or player seems to publicly acknowledge this, as far as I know. But the CEO (PDG) of the French insurance giant AXA has acknowledged it: Claude Bebear wrote in his 2003 book Ils vont tuer le capitalisme (They are going to kill capitalism):

> "… today, shareholders are relegated to the role of quasi-spectators. The small shareholders that are now called 'individual investors' know that they have little weight. All together, they only represent a small percent of capital because the investments of households are more and more in the form of mutual funds, pension funds (fonds communs de placement) or life insurance funds. The shareholders today are thus the institutional investors."i[i] 5[5]

Bebear, in charge of one of the world's biggest stock portfolios, adds:

> "We are no more, in effect, in a world that one reads in the economic text books, with innumerable investors of various characterizations, choosing each in his own way the stocks that he'll put in his portfolio; the results of their millions of decisions generating a sort of changing market equilibrium, but a stable one. The truth is that for several years, the reasoned investment on a stock has almost disappeared in favor of more and more mechanical behavior."ii[ii] 6[6]

Plunge Protection

Programmed trading in an utterly concentrated stock market pretty much guarantees the possibility of systematic and continual market rigging. But to accomplish this, and coordinate it with the currency and Treasury markets, some sort of orchestrating mechanism would need to exist. It does; it is known as the President's Working Group on Financial Markets, occasionally referred to in the business press as the Plunge Protection Team. Then President Ronald Reagan signed it into existence on 18 March 1988, with the specific intension to avoid another stock market crash such as that of 19 October 1987. The Working Group's existence is no mystery. See for yourself. Go to Google and type in Executive Order 12631. You will find the Executive Order, and even a 14 November 2003 statement from Secretary of the Treasury John Snow giving a brief history of the Working Group, describing its policy advisory activities, and concluding with these words: "It also is a forum used to exchange information during market turmoil through ad hoc conference calls and meetings."

Presumably Plunge Protection doesn't hold these ad hoc conference calls and meetings just to be passive bystanders. Executive Order 12631 specifically authorizes them to coordinate buying: "The Working Group shall consult, as appropriate, with representatives of the various exchanges, clearinghouses, self-regulatory bodies, and with major market participants to determine private sector solutions wherever possible."

So not only is the fix in, it is legal.

In a 1989 *Wall Street Journal* article, then Federal Reserve board member Robert Heller even suggested a market intervention strategy: "Instead of flooding the entire economy with liquidity, and thereby increasing the danger of inflation, the Fed could support the stock market directly by buying market averages in the futures market, thus stabilizing the market as a whole."

Guess Whose Money is Used to Buy Stock Market Insurance?

There is even a potentially unlimited source of money to do this pumping. Federal government contractors operate under a special law, CAS, in their defined benefits pension plans. This gives them stock portfolio insurance, something which small fry players would obviously like to get, but can't find anyone willing to issue. Should the pension funds of the federal government contractors lose money in their investments to the degree that they fall below minimum reserve requirements imposed by other federal laws, they can simply make up the difference by adding it on pro-rata to subsequent items sold to the federal government. The vast sums of federal tax money devoted to plugging the holes in the pension fund for the largest Pentagon contractor, Lockheed Martin, were discovered by Ken Pedeleose, an analyst at the Defense Contract Management Agency. He was concerned about staggering cost increases for the C-130J transport but a chart he made public showed the mind boggling per plane cost increases for a number of Lockheed Martin airplanes. The chart amounted to a Rosetta Stone for the military-industrial complex. It showed, essentially, how the military-industrial complex linked to the stock market through the Lockheed Martin pension fund, and by extension through all the others covered by the same law.

Is there a corresponding source of tax money to pump the currency and Treasury markets? There is an official one for currency, the Exchange Stabilization Fund. It was established in 1934 to prop up the dollar in foreign exchange markets. But it can be used for any purpose determined by the Secretary of the Treasury. In mid-1995, the fund contained $42 billion.iii[iii] The actual amount varies depending on how well the Treasury does on its currency transactions. The money originally came from the sale of U.S. government gold, but the Treasury kept the money as a private fund, not under Congressional control. Since it is a finite amount of money, not appropriated by Congress, it probably is not often used to pump the stock market or even the market for Treasuries.

The markets for Treasuries, and also currency, are being pumped using the tax code and pension fund laws. But to understand this we have to first look at why pumping might be necessary.

Treasuries Exchanged for Jobs

The U.S. Treasury holdings of Japan and China are essentially a consequence of a trade imbalance between the U.S. and these two countries, with the balance heavily tilted to the latter. To maintain the imbalance, which they both clearly want to do, both countries must keep their currency pegged against the dollar at a lower rate than it might otherwise be. If they did not do that, the Toshiba computers, Toyota cars and other quality items made in Japan would be more expensive, and so Japan wouldn't sell as many of them in the U.S. A similar case holds for vast numbers of Chinese manufactured items sold pretty much everywhere, but notoriously at Wal-Mart. To keep the items relatively cheap, the central banks of those countries keep their currencies cheap by buying a corresponding amount of dollars, thus supporting the dollar against their currencies. The dollar may essentially collapse against the euro, but not against the yen and the yuan.

With the dollars the Japanese and Chinese central banks have bought, they can buy something denominated in U.S. dollars; the item of choice is U.S. Treasuries since it is like holding dollars that pay interest. So this has the effect of pumping the price of Treasuries too. Because the items made in China and Japan are cheaper than those of corresponding quality made in the U.S. (in the case of many Japanese items, there may not be U.S. items of similar quality), the effect is to create manufacturing jobs in those countries while simultaneously losing them in the U.S. In effect the jobs are exported and foreign currency is imported to buy dollars and then Treasuries.

This has an advantage for the Bush administration, which has the ruinously ridiculous policies of simultaneously cutting taxes and waging wars or building up for them. In effect, the basic racket is: the Bush administration exports jobs to these countries, and in turn they finance Bush's fiscal deficit so he can continue his wars and cut taxes for his friends. The deficit for 2005 will be at least $400 billion, according to the Congressional Budget Office.7[7] The Pentagon budget for 2005 was about $400 billion. Add in two supplemental requests for the costs of his Iraq war and the Pentagon figure is roughly $500 billion. "It is interesting to note that the military budget is about the same order of magnitude as the fiscal deficit," said veteran Pentagon waste fighter Ernest Fitzgerald.

The tax cuts were at least in part intended to stimulate spending—the purchase of all those Toshibas, Toyotas and Chinese whatnots. So the fiscal deficit is intimately linked to the current account deficit. If the money had been taxed away to pay for Bush's current war and arms build-up for future ones, it would not be in people's pockets to pay even for the down payments on the Toyotas.

But won't the Japanese and Chinese central banks ultimately get burned by holding vast quantities of dollar denominated assets? Sure, if the dollar ever collapses against their currencies too. The dollar having fallen roughly 30% against the euro since the beginning of the war in Iraq, the same fate or worse could await these Asian currencies. With currently issued Treasuries paying a coupon rate of no more than 4%, they would be materially shafted on their investments in U.S. Treasuries. Then why don't they bail out?

The Emperors' Revenge

For the Chinese, the basic racket is too delicious and too ironical. They industrialize their country at the expense of the de-industrialization of the U.S. Not only is it sweet revenge for more than a hundred years of humiliation at the hands of Europeans and Americans, but also at the end they are relatively strong and the U.S. is relatively not. What do they care if the deal isn't quite as good as it would be in a perfect world and they lose a third, half, two-thirds of their savings in U.S. Treasuries? Besides, in an even mildly less imperfect world, the U.S. President would not make such a blatantly corrupt bargain against the people of the U.S. Billionaire investor Warren Buffett calls this system of indebting U.S. citizens to foreign governments "a sharecropper's society," to distinguish it from Bush's supposed "ownership society."

No wonder Chinese central bank governor Zhou Xiaochuan told a press interviewer at the time of the G-7 session in London in early February, "now is not the time" to revalue his

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currency, the yuan.8[8] Of course it is not. He is clearly not stupid. The time to revalue is after China has sucked all the remaining jobs out of the U.S. that it can or just before the

U.S. gets a less dishonest government. For the Japanese, the basic sweetness of the deal plus geopolitical strategic reasons may keep them tied to the U.S. There is also the spirit of J. Paul Getty's famous line: "If you owe the bank $100 that's your problem. If you owe the bank $100 million, that's the bank's problem." Some Japanese clearly think they have a problem. Prime Minister Junichiro Koizumi said on 11 March 2005 concerning his government's U.S. dollar holdings, "I believe diversification is necessary." This instantly shook the currency markets, causing the director of the Japanese finance ministry's foreign exchange division, Mastatsugu Asakawa, to blurt out, "We have never thought about currency diversification."9[9]

Mr. Asakawa has been kept busy making this point. On 23 February 2005 he had already stated, "We have no plans to change the composition of currency holdings in the foreign reserves and we are not thinking about expanding our euro holdings."10[10] He added, "Valuation loss is not our primary concern. My opinion is that I don't have to care seriously about that."11[11]

There are, of course, other major single party buyers of dollars and Treasuries besides the central banks of Japan and China. In fact Mr. Asakawa's earlier remark was precipitated by a market panicking statement on 22 February from the Bank of Korea. They indicated they were considering diversifying some of their $200 billion in currency reserves, 70% of which were in dollars. The dollar plunged 1.2% against both the yen and the euro. Part of this was due to programmed trading which kicked in with sell orders after the dollar hit a threshold of $1.3210 to the euro.12[12] After the dollar suddenly fell, South Korean officials quickly announced they wouldn't sell any of their existing dollar reserves, leaving open the possibility of putting new reserves into other currencies.

South Korea, presumably, can be muscled. Other central banks are less susceptible to pressure. On 5 February 2005 Russia announced that it would no longer peg the ruble to the dollar, but instead to a shifting weighting of dollars and euros. Russia had been selling dollars and buying euros since October 2004, during which time the U.S. dollar had tumbled significantly against the euro.13[13] This of course corresponded to the period when Bush was seen to be back in power for another four years.

The overwhelming consensus of financial writers was that both the dollar and Treasuries would really hit the skids in the new year, 2005. The consensus was global. For example, the French financial paper, Les Echos wrote in its edition of 21-22 January: "Until now, it was a question of the great bet adopted nearly unanimously by foreign exchange traders—the dollar will fall in 2005."14[14]

Of course, as implied by the quote, the dollar did not fall. Nor, of course, did its fat twin, U.S. Treasuries, which are little more than interest paying dollars. Is this because the trade deficit improved? Not really, although it showed a slight gain in early February, long after the dollar and Treasuries had materially improved. The dollar had gone up 3.6% from 1 January 2005 until 22 February 2005. Why? Did Bush raise taxes, thereby erasing some of the fiscal deficit? Not at all. On the contrary, he cut taxes—as usual for a select group—and that's why the dollar rebounded.

Plunge Protection's New Cash

In late October 2004, the U.S. public was looking the other way when the tax cut was passed. Most people were obsessing over who would win the presidential election. Few were paying much attention to what the Republicans in Congress were doing, which was giving billions in tax cuts to U.S. corporations which had profits parked in tax havens around the world, such as in Ireland or Singapore. Bush signed the law enabling this tax giveaway on 22 October 2004. The tax changes were noted by a few at the time, even before the law changed. But the general level of financial journalism is so bad that they got no real echo in the press. Most people speculating against the dollar had no idea they were about to get stung. Obviously a few knew what the implications of the tax law were. They made out, more or less literally, like bandits. But one cannot legitimately claim insider trading since the tax law changes were publicly available knowledge, and even made it to the internet on various accountant websites in October. But they don't seem to have gone much beyond these specialists. On 15 January 2005, I had a long talk in Paris with a top European stock market guru. Well connected and with a devoted following which he obviously did not want to burn, he had in all sincerity advocated buying gold to a gathering of thousands of his devotees a couple of months earlier, in November, after the passage of the U.S. tax law.

Most speculators were caught unaware on this source of currency pumping money, so it is unreasonable to assume that there will not be other surprises, which will be announced in due course.

The law Bush signed in late October 2004 goes by the obscenely false name, the American Jobs Creation Act. If there is one thing it will not do is to create jobs. It will instead create takeovers, which nearly always produce losses in jobs—in the name of synergy. Takeovers are on the limited menu of activities companies are permitted to do with the money they can "repatriate" under this law. Not that the limited menu makes much difference, since the money brought in does not have to be fenced off in any way. So if $10 billion were spent by a company on takeovers, that frees up another $10 billion to do whatever was prohibited under the law, such as paying dividends, buying back stock, or filling the pockets of executives with extra bonuses. Normally such profits earned in foreign subsidiaries of U.S. companies would be subject to a tax rate of 35% if they were brought home, which is why the money had stayed parked in the tax havens. But the law gives companies a one-year window for the "repatriation" of this cash at a tax rate of only 5.25%. Nobody knows how much will be brought in. When the law was passed in October, the general expectation reportedly was that the figure would be about $135 billion.15[15] But one player has estimated it at $319 billion. "This has some investment bankers salivating,"

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wrote David Wells in the *Financial Times*.16[16] But how much would be converted into dollars from other currencies? According to two different investment banks, the figure is somewhere around $100 billion.17[17] That would be the minimum available from this source to pump the dollar for one year. Recall that the Exchange Stabilization Fund has less than half that for eternity.

The Bush administration's use of repatriated foreign profits to pump domestic markets shows that they are not going to let "thin ice" signs stifle their version of the economy, at least not without a fight. However, the underlying weakness of the economy because of the twin deficits remains, so basically all that Bush and his Plunge Protection team are doing is

moving the "thin ice" sign out onto thinner and thinner ice. The weight of the Bush team will eventually crash through that ice into exceedingly cold water.

But what about those drooling investment bankers? They will claim that this harvested money used in takeovers will eventually produce U.S. jobs, despite initial job losses due to the takeovers themselves. Investment bankers, who engineer many if not most takeovers, nearly always argue that the takeovers ultimately create jobs in the long term. The investment banks themselves, however, nearly always insist on being paid substantially in the short term through the transaction fees. Their employees, the investment bankers, are also substantially paid short term through annual salaries and bonuses. They get paid now; others can wait for the long term.

Panic Buying

One short-term thing the money has already done is to pump the dollar. The mechanism by which this is accomplished is quite simple and is signature Plunge Protection. It is the device of the short covering rally. This is what happens when speculators sell an asset—stocks, Treasuries or dollars—short. With stocks, this means that they sell the asset without actually owning it. They borrow the shares they sell, betting the stock will fall. They then buy it at the reduced price and return those shares. Another way to accomplish essentially the same thing is through options. The risk in a short sale is that the stock will not go down but instead go up. The short seller literally is exposed to unlimited losses in this case. This is the basis for a short covering rally. Non-shorters buy in sufficient volume to force up the price. The price rise scares the shorters into buying right away before the price goes too high and they lose too much. This results in panic buying as large numbers of short sellers feel compelled to buy to limit their losses. Often when the stock market suddenly blasts up out of a long slide for little or no reason, we are watching a short covering rally. There have been several such rallies in the currency and Treasuries markets so far this year, and there will probably be quite a few more.

According to a J.P. Morgan survey, the year 2005 began with most U.S. and international speculators holding short positions on U.S. bond markets.18[18] Obviously this is because they had foolishly looked at the underlying economic reality, and failed to understand the profound import of the American Jobs Creation Act. Most people were utterly unaware of it until at least January 13, when the U.S. Treasury, under whose direction the Plunge

Protection team works, announced the specifics of what the grand skim could and could not be spent on. As noted, the list included stock market pumpers—takeovers.

The $100 billion (minimum) that will be brought in is not petty cash. One currency strategist at ABN Amro, Greg Anderson, has been quoted as saying, "The U.S. trade deficit is probably $600 billion in 2005, so this flow will be financing a sixth of the deficit all by itself."19[19] Thus this amount is clearly enough to have some impact on currency markets, especially if used to trigger short covering rallies.

Whatever is the actual amount that is brought in, it is exceedingly unlikely to be all brought in at about the same time. The companies have full discretion as to when to bring it in, and Plunge Protection is there to make sure they don't do it at the wrong time. Various of the "ad hoc conference calls" referred to above by Secretary Snow could include fund managers and Chief Financial Officers of companies with chunks of cash lined up to bring in. Would this incestuous network of essentially insider traders be legal? It would be very difficult to prosecute without impeaching the President himself. As cited above, Section 2b of Executive Order 12631 states: "The Working Group shall consult, as appropriate, ... with major market participants to determine private sector solutions wherever possible. (emphasis added)" Obviously a major currency plunge is exactly what Plunge Protection is charged with avoiding.

The major market participants involved in these money pumping rackets would not only be making money, but would view each other as true patriots. They would simultaneously serve themselves and serve the national interest. And, if the story ever got out, they would be unlikely to serve any time. They would also get the reputation for being currency-timing geniuses. Each time they brought in cash from euros or pounds, the foreign currency subsequently fell. Their timing would appear impeccable. Never mind that they and some government officials are creating the timing.

How big are these chunks of cash? Johnson & Johnson announced in February that they would bring in $11 billion.20[20] Pfizer put its planned figure at $37.6 billion.21[21] But are these figures big enough to pump the dollar? You bet. An ABN Amro currency strategist, Aziz McMahon, has been quoted as saying, "The sums are so large that if even a small proportion is transferred from other currencies, the positive impact on the dollar could be substantial." According to that bank's calculations, each $20 billion pumped in from other currencies pumps the dollar against a broad index of currencies about 1%.22[22] So the announced amounts would be sufficient to trigger both momentum trading in the dollar and trigger short covering rallies which themselves would trigger further momentum trading.

Even the announcements of the currency repatriations can trigger short covering rallies. ABN's McMahon added, "The psychological impact a wave of announcements could have on structural short-dollar positions should also not be underestimated."23[23]

Just Printing Money to Pump Markets

Short covering rallies certainly played a role in the prolonged stock market run up which followed an initial Iraqi War bombing rally in March 2003. But there is more. A respected gold market analyst, Michael Bolser, has shown how the Fed quite simply pumped money into the markets during this period, with massive cash injections often timed at local stock market bottoms. His article, "Repurchase agreements and the Dow," should be required reading for anyone who wants to understand rigged markets.24[24] According to Bolser's analysis, the Fed was simply flooding the economy with liquidity just before and during that rally. Using data available on the Fed website, Bolser plotted the injections of cash from the Fed when it bought Treasuries on the open market, which means buying them from the 22 banks that deal directly with the Fed. The simple buying of existing Treasuries by the Fed is called a "Permanent Open Market Operation" (POMO). By contrast, buying back a certificate with a specific repurchase (buy-back) date is called a "Temporary Open Market Operation" (TOMO). Bolser observes, "There were four closely spaced Permanent Open Market Operations just prior to the 1,000-point mid-March DOW launch. In addition, there was another POMO on March 13th of $710 Million coupled with a net TOMO injection of $3.25 Billion which resulted in a 303 point DOW gain on that day."

Bolser also clarifies the relative market impacts of these cash injections: "Permanent Open Market Operations [POMOs] are usually much smaller in magnitude than Temporary operations but have a far greater effect on the market. Experts have suggested that there is a nine times market multiplier effect inherent in permanent open market operations."

Stuffing Wads of Treasuries into Pension Fund Holes

But what about all those billions that are already parked in dollar denominated tax havens, such as Puerto Rico? Among the Treasury Department permitted uses of the repatriated cash, is benefit plans, including pension benefits. Most of these plans are nowhere near recovery from losses suffered during the late 1990's bubble. Normally, the repatriated money would go straight into the stock market, thus pumping it--except for one thing. A number of companies do not have sufficient money in the reserves of their defined benefits pension funds to meet their contractual obligations to their retirees. If a pension fund goes broke, a federal agency, the Pension Benefit Guaranty Corporation (PBGC) takes on some of the obligations—typically pensioners collect 25 cents on the dollar. But the PBGC is itself broke, with companies defaulting or threatening to do so. For example, the PBGC has moved to take over the defined benefits pension funds of United Airlines.25[25] And this is probably just the start of many such takeovers. By November 2004, the plans PBGC insured were under-funded $450 billion, an increase of $100 billion in just one year. Companies whose debt was evaluated at less than investment grade (a group that could soon include General Motors) were under-funded by $96 billion, an increase of $12 billion from the previous year.

So the PBGC could require another gigantic federal bailout, “Some have compared this to the savings and loan crisis of the early nineties,” said James Moore, who is in charge of pension products at a major bond fund, Pimco.26[26]

But the U.S. government is also broke—because of Bush’s pro-war, anti-tax policy combination. Are there solutions? Sort of. One is just to fake the numbers, reducing the required reserves in these pension funds. Bush also plans to change the rules for investing for defined benefits pension plans in a way to reduce their likelihood of defaulting. Stocks can be down when pension payout demands are up. The right kind of bond could deliver the money at the right time. The new rules have not yet been announced, but seem certain to encourage the buying of Treasury Inflation Protected Securities (TIPS) by the depleted pension funds. Some funds are already jumping in to avoid even higher prices later. With the long dated TIPS pumped, the dollar looks less unattractive to Chinese and Japanese central banks and others. Masayuki Yoshihara, who manages, with others, over $9 billion at Japan’s fourth biggest life insurance company, Sumitomo Life Insurance Company, said “Pension funds will continue to be overweight the long-end of the curve. We expect the yield curve to flatten even more,” 27[27] What? Translating from finance-ese, he says that pension funds will keep buying long dated Treasuries, which will pump up their price and thus reduce their effective interest yield. (The interest is fixed, literally printed on the bond. So if buyers pay more to get the same printed interest rate, their effective yield goes down.) With long term interest rates falling and short term ones rising, the graph which represents these rates is becoming more and more of a flat straight line.

So there are a lot of relatively new sources of money for official manipulation of markets: federal contractor pension fund money, nicely insured under CAS; POMO and TOMO money, freshly printed by the Fed; the American Jobs Creation Act money, conveniently parked off shore; trading “partner” money, sometimes willingly given, sometimes extorted.

One nice thing about rigged markets is that they permit updating trite stock market axioms, such as “Buy on the rumor, sell on the news.” For Treasuries, this has now

become, “Buy on the rumor, buy again on the news, and then sell it to the Chinese or Japanese central banks.”

All who imagine that the mythical market forces will prevail seem to deliberately avoid actually looking at what the so called markets really are, including their concentrations, Plunge Protection mechanisms, and Plunge Protection’s extensive access to a variety of pools of other people’s money. The mechanisms and the market concentrations permit the Bush administration to systematically sell off U.S. assets to pay for its more wars/less taxes policies. The Bush administration is comparable to a group of corrupt trustees for the family fortune of a lazy and incompetent heir. They siphon the money out by selling off the inheritance while the heir is too stupid or drunk to notice. He still has his mansion, his fleet of big cars and his monthly check, and he doesn’t notice that the assets are shrinking. He may not for a while. This family’s fortune is big and there are a lot of assets still to sell off.

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Robert Bell, Chairman of the Economics Department, Brooklyn College, N.Y., is the author of seven books, including: Beursbedrog (The Stock Market Sting), De Arbeiderspers, Amsterdam, 2003; Les peches capitaux de la haute technologie (The Capital Sins of High Technology), Seuil, Paris, 1998; Impure Science, Wiley, N.Y., 1992

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