Economics Briefs

Amazon Starts Layoffs After 35,000 by Tech Companies in Two Weeks

Following immediately on Facebook's laying off of 11,000 employees, and Google and Microsoft announcements of about 7,000 between them, Amazon has begun layoffs which will continue through 2023, as announced in a memo Nov. 17 from CEO Andy Jassy titled, "A Note about Role Eliminations." No number was given in that memo; *The New York Times,* in a Nov. 17 story, estimated 10,000 Amazon layoffs to begin with, in retail and human resources personnel. This would be less than 1% of its workforce to start, but it is to continue. These developments come alongside 35,000 layoffs by about 20 different "tech" companies in the first half of November alone. The jobs lost are international, but heavily concentrated in the United States.

In perhaps a bigger "digital downslide" event, Softbank, the once $350 billion–asset Tokyo-based "tech bank," reported a $10 billion third-quarter loss and its CEO, Masayoshi Son, resigned, to manage a UK fund Softbank owns. He had been said to be "worth" $13.6 billion, but it is now revealed that he has debts to Softbank itself in the range of $5 billion.

What connects these developments to the implosion of the FTX cryptocurrency exchange fraud, is that the major central banks' increases of interest rates, forcing most other central banks to follow, is sucking credit and liquidity out of the years-long Everything Bubble which the same central banks blew up, and the sudden contractions are starting in the bubble's most extremely over-leveraged sections.

The debt bubble they created after the 2008 crash is so vast and over-leveraged that already during 2019, with the Federal Reserve's briefly attempted "tapering" of its balance sheet, credit markets started shaking the way they are now, and then in September 2019 the interbank lending market among the megabanks broke down. The Fed, European Central Bank, and Bank of Japan exploded from September 2019 on, printing more than $12 trillion in just two years. Now the credit markets, far more leveraged even than they were in 2019, are shaking again.

The People's Bank of China did not participate in this mania: Its balance sheet has been in the $5-5.5 trillion range for ten years.

BlackRock Forces Losses on Investors, 'Net Zero' on Companies

An interesting letter forwarded to *EIR* shows that the failure of the so-called "Green Deal" as an economic "transition" claimed by King Charles and the World Economic Forum, is being matched by the failure of "green finance" for investors. The letter is from the treasurer of a U.S. state to BlackRock, Inc., dated Oct. 5 of this year, informing BlackRock CEO Larry Fink that the state is pulling all of its nearly $800 million investment out of BlackRock managed funds. More importantly, it declares so-called ESG (environmental, social and governance) investing to be a toxic failure for pension or other large investing funds which have been pulled into it by BlackRock and the trans-Atlantic megabanks of Mark Carney's Global Financial Alliance for Net Zero.

The state treasurer rebukes BlackRock for having lost $1.7 *trillion* of its worldwide clients' money in its latest fiscal year—one-sixth of everything invested with CEO Fink's immense oligarchical juggernaut—and that in a fiscal year which ended at June 30, 2022, when the impact of runaway inflation, shortages, and margin calls was still building up. Still further losses will have undoubtedly ensued since then. Moreover, the treasurer wrote to Fink, "Your anti–fossil fuel policies would destroy [our] economy."

The treasurer also quoted from Fink's infamous 2021 letter to CEOs which demanded "a transformation of the entire economy. . . .": "[B]ehaviors are going to have to change and that is one thing we are asking companies. You have to force behaviors. And at BlackRock, we are forcing behaviors . . . . We need to be honest about the fact that green products often come at a higher cost."

Most Rapid Rise in U.S. Household Debts Shows Economic Distress

While substantially less than mortgage debt and student loan debt, U.S. households' debts—in the form of auto loans and credit card balances—are growing far faster. Auto loan indebtedness of households grew 6.8% in the year ending September 2022, to $1.43 trillion total. Interest on that debt ranges up to 11–12%. Much faster growing was credit card debt, which exploded by 15% in that same year period, to a record $940 billion according to CNBC, reporting Nov. 16 on

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just-released Federal Reserve data. The *average* interest rate on that debt (beyond 30 days) is 20%. Delinquencies and defaults are growing at a slowly accelerating rate.

Because of the necessity of vehicles and credit cards, rapid growth in these categories of debt is most indicative of households' economic distress.

Indications Suggest World Trade Is Contracting

Without IMF or World Bank forecasts, private company reports continue to document that world trade is falling. Here are indications.

The head of the Port of Los Angeles, Eugene Seroka, said in a Nov. 15 report that traffic at the port in October was at its lowest for that month since 2009, the year of mass unemployment and the "Great Recession."

The Wall Street Journal at the end of October reported that a survey of overseas product orders placed by 100 major U.S. and European companies had reached the lowest level in 12 years, as long as this Morgan Stanley Shipper Survey has been carried out.

The U.S. National Retail Federation's Global Port Tracker report in October said that "cuts in carrier shipping capacity reflect falling demand for merchandise from retailers," according to Hackett Associates, which issues the report.

FedEx executive Michael Lenz spoke Nov. 9 to a Global Industrial Conference and said the company is reducing the frequency of flights, cutting "8 or 9 international frequencies, about 23 domestic [U.S.] frequencies thus far.... We've got another 8 or 9 domestic frequencies that will go in November." That day Lenz's CEO, Raj Subramaniam, said on CNBC-TV that a "global slowdown" in trade was underway and "global recession" coming.

AP Møller–Mærsk, the world's largest ocean shipper, has made the same assessments and is canceling sailings.

FTX Was a Political Slush Fund, Built on Money Unlawfully Acquired

Who had a role in FTX, and for what purpose, is a matter of interest now. Corruption oozes from it, and it was a huge funding source for both major parties (more than $70 million) throughout the 2021-22 election cycle. The Bahamas-based cryptocurrency exchange was founded in early May 2019, just 10 days after Joe Biden's April 25 Presidential campaign announcement, and became the second-largest funder (behind Sir Michael Bloomberg) of that campaign in the 2019-20 election cycle. It became a source of tens of millions of dollars in aid to Ukraine in developing "digital currency capacities." It claimed $32 billion equivalent in assets for its Alameda Research fund, all originating from its creation of its own "token," which was in legal terms its issuance of an unregistered security. In short, FTX was a political slush fund.

It appears from revelations coming hot and heavy now, that the FTX combination came by these assets unlawfully. The new CEO and receiver in bankruptcy of FTX, John Ray III, was once in charge of winding up Enron, but his Declaration to the Bankruptcy Court in the FTX case states,

"Never in my career have I seen such a complete failure of corporate controls" in 40 years of legal and restructuring experience.

There were no board of directors, no corporate statements, no auditing, no risk manager, no record-keeping on spending authorization by the "executives"—in fact, no corporation there, but rather a gang, conning money from people and throwing it around for political ends. And in the aftermath of the Declaration of Bankruptcy, there are wild reports of investors' cryptocurrency assets—purchased by the investors with legal currencies—being stolen and hidden before and even after the declaration.

New ECB Report Warns of a Crash Unleashed by Itself

Showing that central banks can create dilemmas, but cannot solve them, the European Central Bank is now warning of a financial crash (unleashed by its own policy) in its biannual Financial Stability Review (FSR), November 2022.

The report says: "Euro area financial stability conditions have deteriorated further, reflecting rising inflation, higher interest rates, weaker growth prospects and financial market repricing. Inflationary pressures have risen both globally and in the euro area since the publication of the previous FSR, driven by elevated food and energy prices and their pass-through to other prices. This has prompted an adjustment of monetary policy stances by major central banks, contributing to tighter global financial conditions and increased financial market volatility. The mix of high inflation outturns and rising interest rates has continued to weigh on economic growth in many advanced economies."

The ECB then warns of a crash ("disorderly adjustments") unleashed by its Quantitative Tightening:

"The risk of disorderly adjustments has risen with increased market volatility, knock-on effects for margin demands, and lower liquidity in some market segments. Significant financial market repricing has translated into higher market volatility, in particular—but not exclusively—in bond markets.... This combination of developments makes markets more vulnerable to disorderly adjustments."