Chapter 5

Early Indicators If Any

From a point where the middle class is thriving, businesses are competing to provide better products and services, and the playing field is somewhat balanced for both the rich and the poor to a point where none of these exist is a most dramatic journey. This is what is happening in the American economy. One of our major problems as a society is not to do much or anything until the situation in question becomes a major problem. The conversion from a market economy to a finance economy did not happen overnight. It took about four decades. I lived and studied during that whole time. At least partially, this chapter is my personal account.

Every event, every change in a dynamic society presents an indicator before it happens. All indicators point out to the development of some social phenomenon. Certainly before the market economy became a finance economy there were numerous indicators, and many of them would have been considered a red flag indicating a prospective danger. Just how quickly these indicators are identified and connected to some social phenomenon is the critical aspect of using indicators. Some of them are likely to be identified way after the events have taken place, which is too late. If the indicator was a negative one, there would have been no counteractive action that was taken on time. The details presented in exhibit 5.1 are such that some of the indicators suggested some forthcoming economic
storm but, at the time, they were not correctly identified and hence there were no counteracting decisions. Let us discuss each item in exhibit 5.1.

**The Shocking Recent History**

Perhaps it all started with tax cuts. John F. Kennedy reduced the existing tax rates in order to counteract a recession. Just about from that point on one of the two political parties utilized tax reductions as a strategic tool. This orientation slowly eliminated the progressive nature of income tax and in time gave a tremendous economic benefit to the richest in our society. I consider tax cuts as one of the most significant movements toward the emergence of the finance economy. Tax cuts at the lower income levels could be good temporarily to fight off a recession, but if they are indicating a situation where the ultrarich are becoming richer at the expense of the society then they must be stopped. There is nothing wrong with becoming ultrarich by strong managerial and innovative powers, but in recent decades tax cuts simply created an ultrarich group in our society, which is using almost unlimited financial resources to maintain the finance economy.

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**Exhibit 5.1** Some of the key indicators of a move to a finance economy.

- Deregulation
- Ignoring antitrust laws
- Emphasis on budgets (budgetitis)
- Free trade (unfair)
- Dependence on foreign oil
- Losing perspectives for both political parties
- Outsourcing of major jobs
- Closing down American factories
- Considering billionaires as job creators
- Tremendous tax loopholes
- Not producing enough but bidding more for the existing
- Allowing more money into politics