



SYNOPSIS

Cartelistic versus competitive free market capitalism

This article describes the best of all times and also the worst times for other countries. The London was going through good times whereas the Paris and the French Revolution was also in its full swing. The so called guillotine was made to work overtime in an attempt to chop off the people who were politically incorrect. Many of the former students and friends made livelihoods in the automobile industry and some of them wanted to either retire or relocate prematurely because the industry of autos was known to be undergoing the worst of times.

These best of times referred to the resources that were employed in energy industry, suppliers of labor, capital and the management. The beneficiaries of the industry of oil are enormous of both the OPEC or

OPEC. These beneficiaries include the ideologues of all stripes and spots; politicians; the environmental movement which also received the full share of the largesse because the energy industry funds them too heavily. The receiving end of the enormous growth in the oil revenues mostly translated in profits is known to be terrorists. The activities of these terrorists have been well funded, so that they could acquire rockets' red glare which seems to be everywhere internationally especially over Israel.

The worst times could now refer to UAW portion of the automotive industry. The glory of victory has been turned to agony of defeat. Energy and automotive industry are described as being part of free market capitalism. The free market capitalism is parlayed with OPEC and this forms a cartelistic form of the free market capitalism. This U.S. auto industry is fast becoming a competitive form of the capitalism. The energy industry and the automotive industry are highly populated by the private sector corporations and only tangentially and rarely regulated by the government. This regulation is only in the environmental legislation area and could not even restrict the exercise of the monopoly power. In the terms of cartelistic free market capitalism, the conditions of economic welfare are not achieved meaning that they are violated. The income distribution always becomes very excessively unequal especially because the monopoly power is already exercised in the cartelistic industries. In addition, the standard of living is less than what it would be due to the growing inefficiency due to the utilization of the monopoly power exercised in

the cartelistic industries.

The Credit crisis: Too big to fall ----- too small to matter

This article is about the ongoing credit crisis where the mortgage meltdown is too big to fail and also it considered being too small to matter. In the year 2007, the Fed (Federal Reserve Board of Governors) mostly through the FOMC (Federal Open Market Committee) which has already been focused to the non-stop on the staunching of the credit crisis. They pumped tens of billions of credit of dollars into the existing financial system beyond and above their normal businesses focused on the system optimization on every given day. This Fed has always been quick to react to the problems in all the financial markets. They have even purchased the non-government MBS (mortgage backed securities).

The policy by Fed on credit tightening has led to the credit crisis that is current. However, this problem of credit crisis boils down to resetting of the modifiable rate mortgages, which is always triggered by the indexes that are based on the short-term interest rates, which would be finally affected by Federal Funds Rate. There were many American homeowners before the meltdown named Bear Stearns in the July 2007 who were feeling the pain of synthetically high interest rates due

to the modifiable rate mortgages driven by the Fed policy.

Countered with the decreasing home prices and increasing foreclosures rates, Fed failed to act very quickly in decreasing the Fed Funds Target Rate in an attempt to protect the ones that were too small to matter. With time, the financial institutions were affected and this is when the Fed began to respond. These articles reflect the true interpretation of the automotive industry crisis and the mortgage meltdown. Economically, the articles have explained well the reasons for the two occurrences and that they were justifiable.