

Illustrated Political Economy

The rich will do anything for the poor but get off their backs.



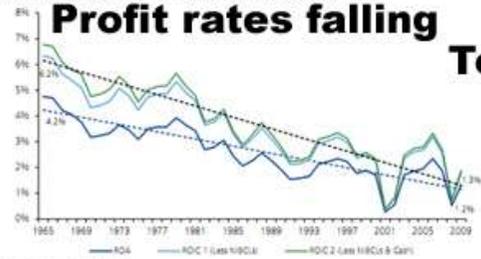
Where is my £25million?

She lost £25million, in the credit crunch.

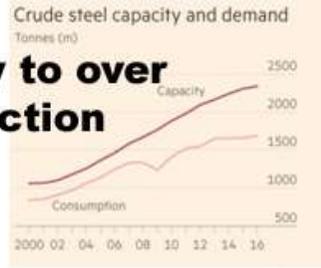
Everyone thought they were doing the right

Where is my £25 million?

Exhibit 6: Economy-wide Return on Invested Capital (ROIC) (1965-2009)

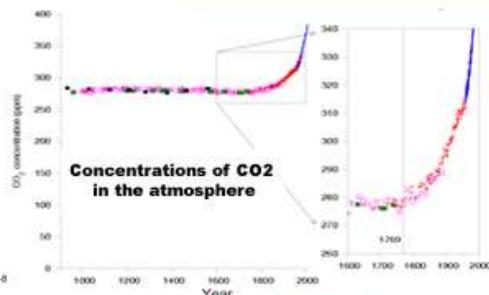
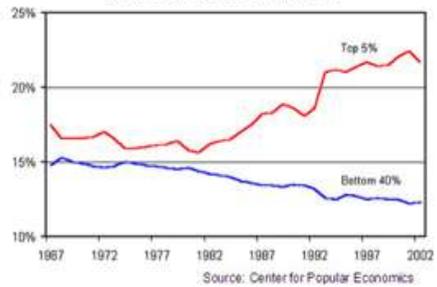


Tendency to over production

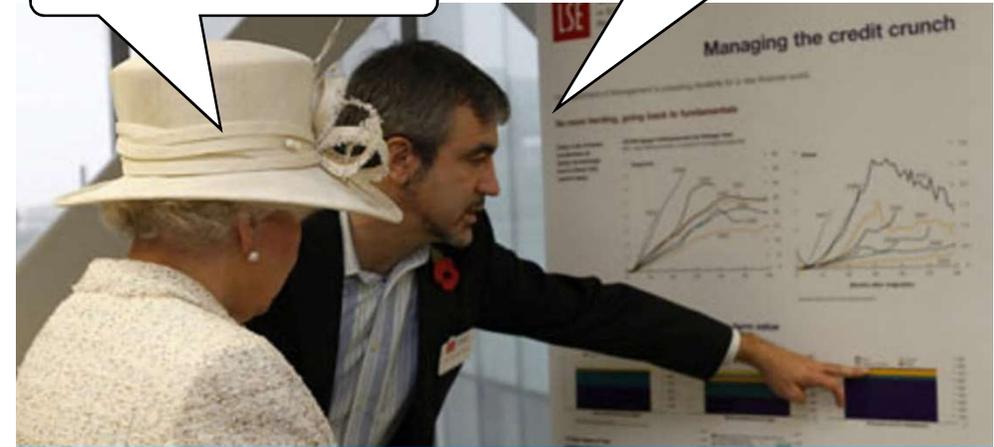


Rich tend to get richer

The Overall Trend
Shares of Total Income Received by the Top 5% and Bottom 40%



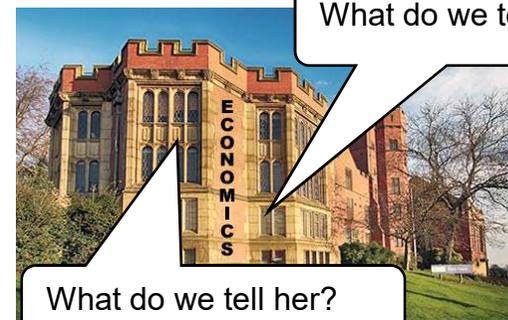
The top 1% of Americans (fewer than 3 million people) now earn more than the bottom 40% (about 110 million people).



On 5th November 2008, the Queen asked Louis Garicano of the LSE why no one had predicted the crisis. He told the Queen: "At every stage, someone was relying on somebody else and everyone thought they were doing the right thing." Telegraph. Four years later she was visiting the Bank of England when her question was answered. Whatever they told her she commented. "So people got a bit lax?"

What do we tell her?

So people got a bit lax?

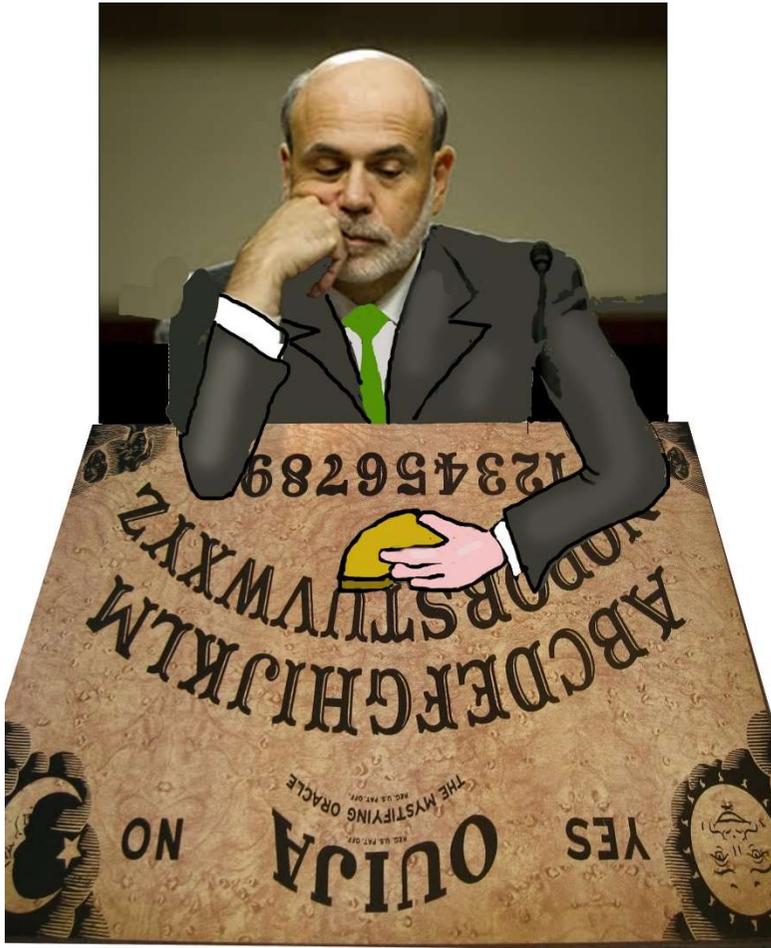


What do we tell her?



£25million lax

The establishment has no theory



Ben Bernanke is an economics professor. He was chairman of the Federal Reserve of the USA 2006 – 2014. In 2000 Bernanke stated that understanding the 1929 crash was the holy grail of macro economics. They have had 70 years to understand that crisis. No wonder they are clueless about the current one.

The establishment has no theory

His predecessor was Alan Greenspan. He said “I made a mistake in presuming that the self-interest of organisations, specifically banks, is such that they were best capable of protecting shareholders and equity in the firms ... I discovered a flaw in the model that I perceived is the critical functioning structure that defines how the world works. I had been going for 40 years with considerable evidence that it was working exceptionally well.”



Alan Greenspan discovers a flaw in economic theory.

The establishment has no theory

"The UK financial system remains highly resilient." 2006 report from Bank of England. Five months later Northern Rock suffered biggest collapse in UK banking history. The head of the Bank of England was Mervyn King.

He said "The lesson is that no amount of sophisticated statistical analysis is a match for the historical experience that 'stuff happens'."
— Mervyn King, *The End of Alchemy: Money, Banking, and the Future of the Global Economy*

You have to understand that stuff happens.



The establishment has no theory

economic tornado that has ploughed its devastating path through both the money and stock markets



The UK faces a "cocktail" of serious threats from a slowing global economy as 2016 begins, Chancellor George Osborne has warned. Osborne we have got to go on making the difficult decisions, precisely so that Britain can continue to enjoy the low unemployment and the rising wages that we see at the moment," Mr Osborne said.

It started in a mood of eerie calm, but then 2008 exploded into a global financial earthquake.



For example, in 2008 the subprime mortgage meltdown in the U.S. created an economic tsunami that effectively froze world credit markets. Investopedia



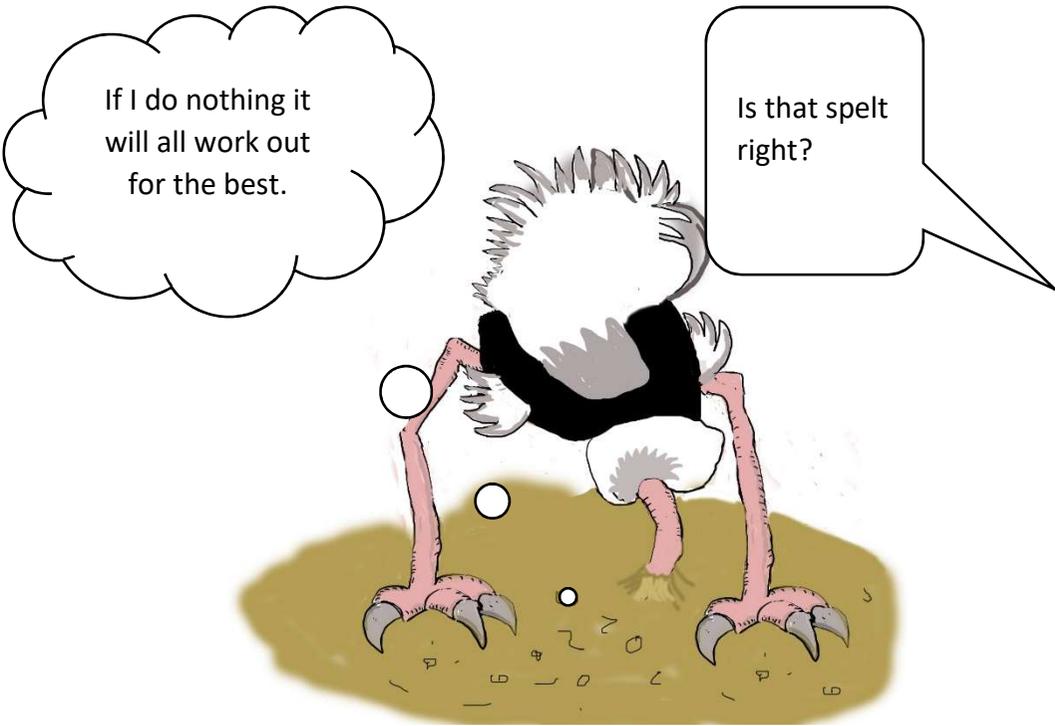
What is happening is not a tornado, tsunami, or an earthquake. It is the result of human beings making decisions. Those decisions will affect the choices of others and so on. It is not all humans that make the key choices, it is just those with wealth and power, the ruling class.



Remember the golden rule. He who has the gold rules.

The establishment has no theory

The Ostrian School of economics



Most in this school see no need for state intervention. Indeed state intervention distorts markets, creates croneyisms, and is inefficient.

They have no clear theories apart from a religious belief in the market. And many of them make a good living as apologists for the system.

The model of maintaining growth rates is meaningless unless we have access to another planet Earth or two.

The establishment has no theory

The courses they teach produces people with thrange ideas.



So that ends the economics course. For those interested there will be a lecture on an interesting animal in the genus Sus (pig).

Classical economics
Cannot beat market
Supply and demand
Crisis do not happen



The establishment has no theory

There are laws that prohibit what is produced, how it is produced, and who produces it.

Free Market is a Myth



The market is the most efficient way for scarce resources to reach the richest.

The establishment has no morality Economics students start off by being a bit antisocial. These tendencies are strengthened by the economics courses.



Did you study business or economics? Then you might be a psychopath, claim scientists

- Researchers used personality tests to measure 'dark triad' of character traits
- The characteristics are associated with ruthlessness and a desire for power
- People with these traits were more likely to study business and economics

Does Studying Economics Breed Greed?

Dec 22, 2013 Huffington Post

In 1776, Adam Smith famously wrote: "It is not from the benevolence of the butcher, the brewer, or the baker, that we can expect our dinner, but from their regard to their own interest."

... Robert Frank, an economist at Cornell, believes that his profession is squashing cooperation and generosity. ... Consider these data points:

Less charitable giving: in the U.S., [economics professors gave less money to charity](#) than professors in other fields — including history, philosophy, education, psychology, sociology, anthropology, literature, physics, chemistry, and biology. More than twice as many economics professors gave zero dollars to charity than professors from the other fields.

More deception for personal gain: economics students in Germany were [more likely](#) than students from other majors to recommend an overpriced plumber when they were paid to do it.

Greater acceptance of greed: Economics majors and students who had taken at least three economics courses were [more likely](#) than their peers to rate greed as "generally good," "correct," and "moral."

The establishment has no morality



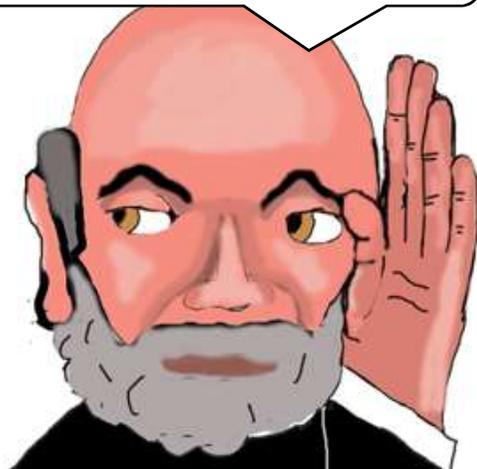
Marx's Theory of Crises 1. All wealth comes ultimately from human labour.

For a worker the working day is made up of two parts. Part is for his/her food, clothes, shelter and everything else needed for the sustenance and reproduction of the worker. The rest goes to the ruling class.

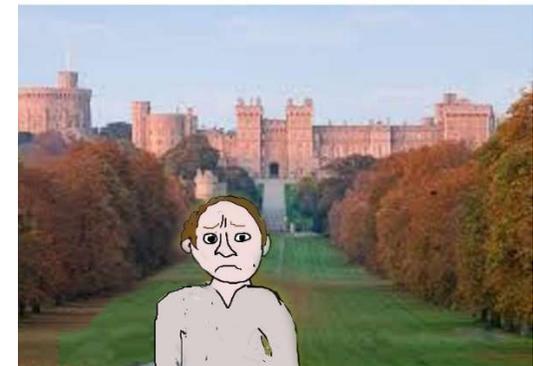


For a slave it appears that all his (her) labour goes directly to his owner. This is not so. The owner has to feed, clothe, and provide shelter for the slave. He also has to spend money on creating conditions for next generation of slaves. He must spend resources on either children or soldiers (to procure adult slaves). In feudal times the split was clear.

I do not understand the crash of 1929. I see no books on the issue.



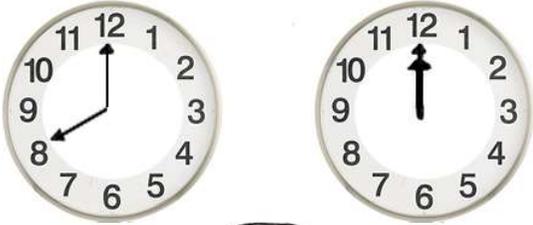
Luckily for Bernanke. Help is at hand.



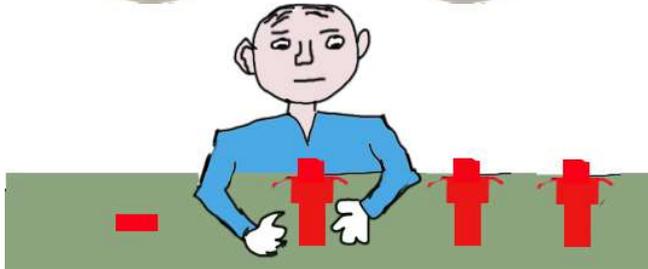
For three days I work my own plot of land and for 3 days I work on the Lord's land.

Modern Capitalism

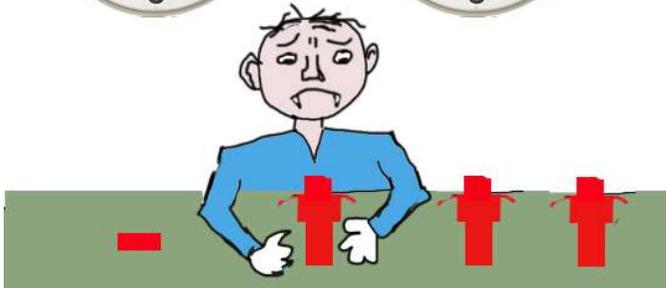
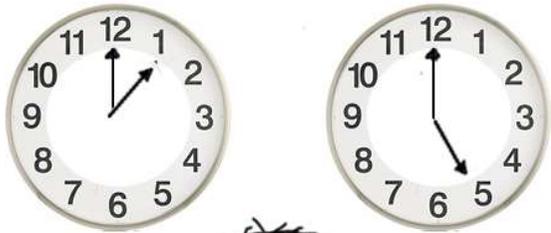
It appears that the worker is paid for the whole day. In fact some of the day (s)he works to get his/her pay.



The rest of the day (s)he works for the wealth of his/her employer.



So the working day is made up of v (wages) and s the surplus value. s/v is called the rate of exploitation.



Marx's Theory of Crises 2. Speculative bubbles can trigger crises. If a commodity is rising at an unusual rate of say 10%, it attracts buyers so the price continues to rise. A trader buys the item waits a year and is 10% richer. As more speculators see this, it attracts more buyers and so on.



The list of speculative bubbles is long, The South Sea, bubble, the Mississippi scheme, Dutch bulb speculation, the dot com bubble, the sub prime scheme...

Marx's Theory of Crises 3 Falling rate of profit

The total profit of a particular company is the sum of the surplus value extracted from each worker.

In a given period, the employer has to spend money on buildings (repairs etc), raw materials, electricity, machinery, (these are dead labour C). He also spends on wages (v).

The formula

Rate of profit =

$$\frac{\text{Total surplus value}}{\text{What he has paid out in wages + production costs}} = \frac{S}{v + c}$$

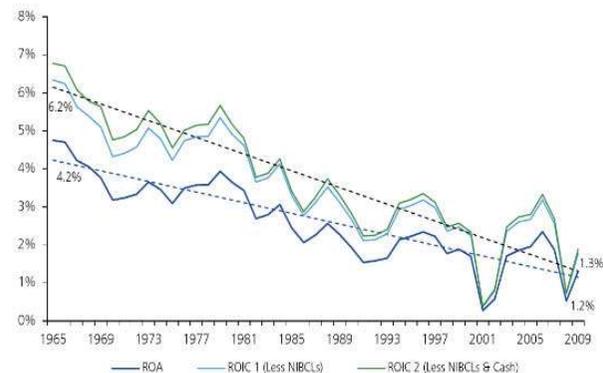
The three values s,v,c all vary over time. S can be increased by extending the working day, pay and holiday cuts, ending the idea of a family wage. Shifting state costs like infrastructure from bosses to workers and technologies that make v and less can temporarily help

prevent a fall in profit rates.

If s and v are fixed but c rises the rate of profit, $s/(v+c)$ will decline. In general c does increase.

This is a plot of return of invested capital. It is not quite what Marx called profit rate, but indicates that the theory is essentially correct.

Exhibit 6: Economy-wide Return on Invested Capital (ROIC) (1965-2009)



Source: Compustat, Deloitte analysis

For a peasant farmer.



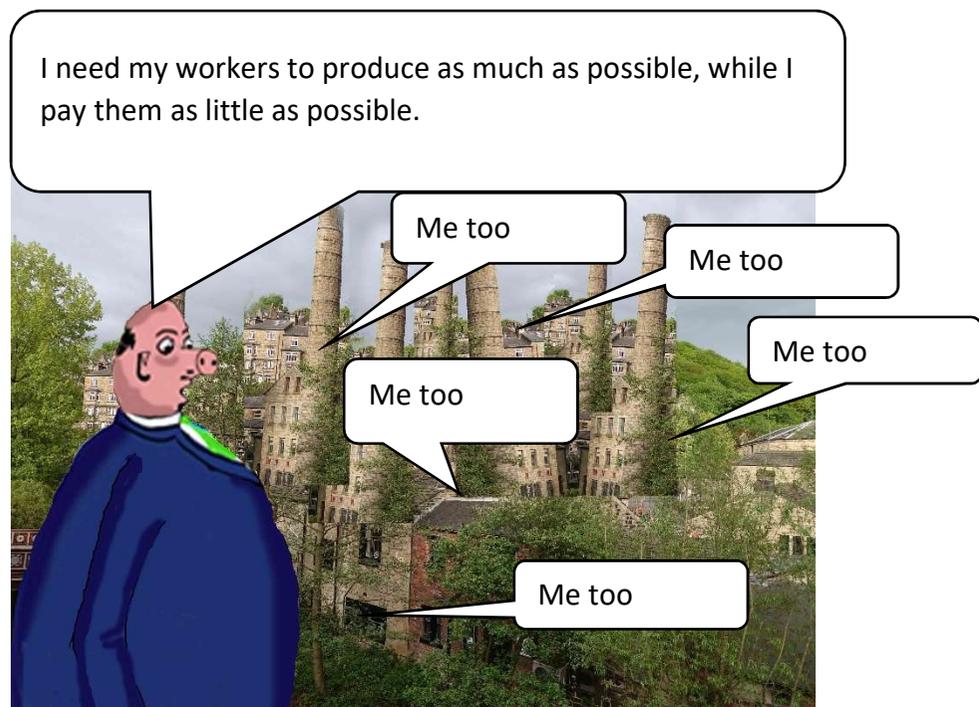
The constant capital that I need is the wear and tear on my rake and scythe and seeds.

A modern farmer needs to pay for hire of machinery, petrol, computers, radio equipment for driverless tractors, insecticides,... herbicides...and transport cost to markets that may be on the other side of the world.



Marx's Theory of Crises 4 Over supply

Every capitalist seeks to maximise output and minimise labour costs. This leads to a tendency for modern production to outstrip workers consumption.



So unless the bosses spend the surplus there will be a tendency towards over production.

So the key problems are a tendency for the rate of profit to fall, a tendency towards over production, and speculative booms.

A cut in wages will temporarily increase profits but lower workers demand for goods.

An increase in wages will increase demand but cut the rate of profit.

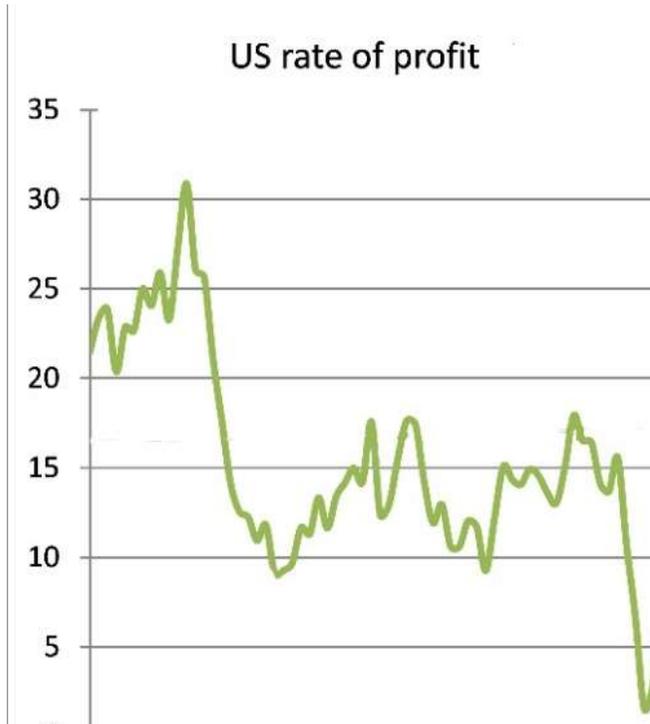


If the problem was simply lack of demand, bosses could increase pay. This would cut into profits. If the problem was only low profit rates, then pay cuts, increased working day, shorter holidays, shifting taxes from rich to the poor would be a solution. It would decrease the demand for goods.

Let us now look at the 1929 economic crisis.

Slump 1929 Profit rates were low by historical standards. On top of this modern production methods were leading to an oversupply of things like food and cars. 500,000 fewer cars were built in the USA in 1927 than in 1923.

Slump 1929 Governments reacted with austerity, and high tariffs

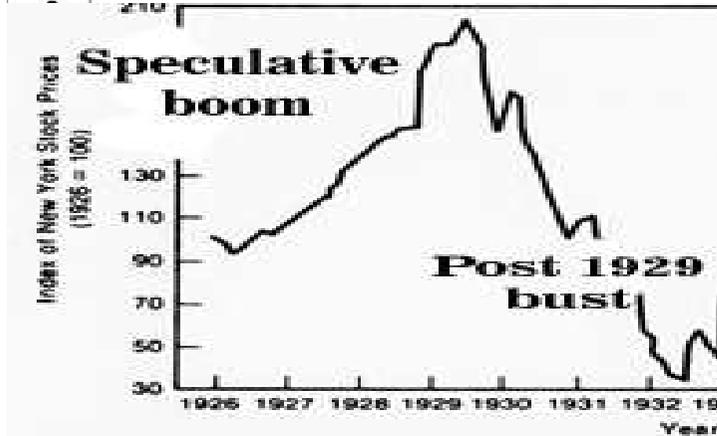


Productive investment was not appealing so bosses started a speculative boom in shares. The price of shares rose throughout the 1920s.

Buy, buy, buy.....

This was followed in 1929 by sell, sell, sell....

Between 1929 and 1931 \$50 billion dollars was wiped off the stock exchange.



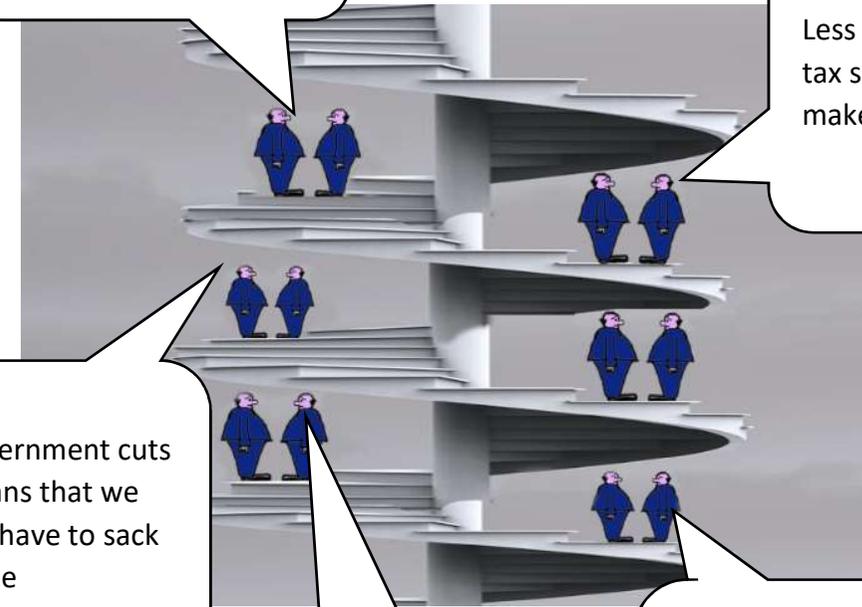
There is little demand for my goods, so I have laid some workers off

Less income tax so we must make cuts.

Government cuts means that we will have to sack some construction workers.

Rising unemployment means less demand for goods

Failing businesses are leading to a drop in corporation tax. We must make cuts





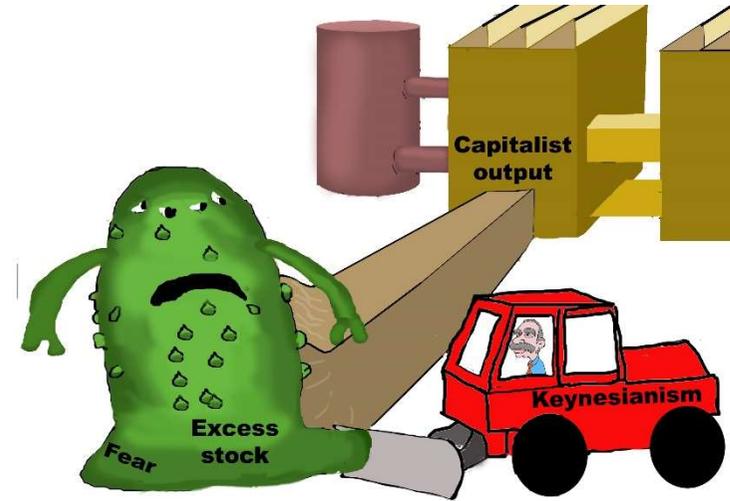
Roosevelt –“We have nothing to fear but fear itself.”

What do you mean, we have blocked you in the cellar?



They can't sell the stuff, and we unemployed cannot afford to buy the stuff.

Keynes



“ The right remedy for the trade cycle is not to be found in abolishing booms and thus keeping us permanently in a semi-slump; but in abolishing slumps and thus keeping us permanently in a quasi-boom.”

—John Maynard Keynes

Keynes central idea was that the Government spends money in a slump. This employs people, their wages, and construction projects create demand for goods, this leads to manufacturers starting to invest, and prevents the downward spiral continuing.

Keynes noticed that a self-reinforcing process of cuts by employers and Governments cannot be broken by employers.
Government had to act to give a boost to production, and wages to restart a boom cycle.

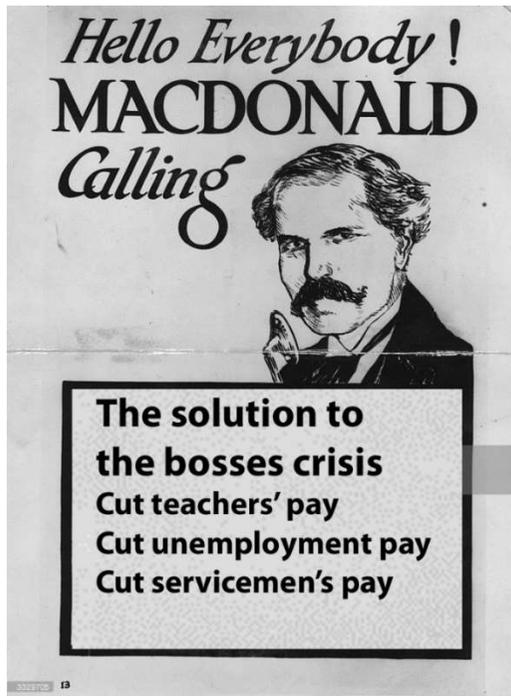
Austerity, racism and war The bosses used three tactics in the crisis

- Cut services and wages
- Select a minority to blame
- Organise for a war



The response of the Labour Government

Austerity, racism and war In Germany the minority selected was the Jews. Hitler poured money into preparations for war. This created demand and the economy started to pick up.



Labour Prime Minister (from 1929), Ramsey Macdonald could not convince the TUC that cuts in their members' pay were a good idea. MacDonal formed a coalition Government with the Tories in 1931 and pushed through austerity.



"GERMANY SHALL NEVER BE ENCIRCLED."

Austerity, racism and war

War, what is it good for?

Preparation for war creates demand for steel, for chemicals, railways and full employment,



The problem is that war preparations lead to wars, and wars lead to slaughter on an industrial scale.

Unemployment was ended at the stroke of a pen.

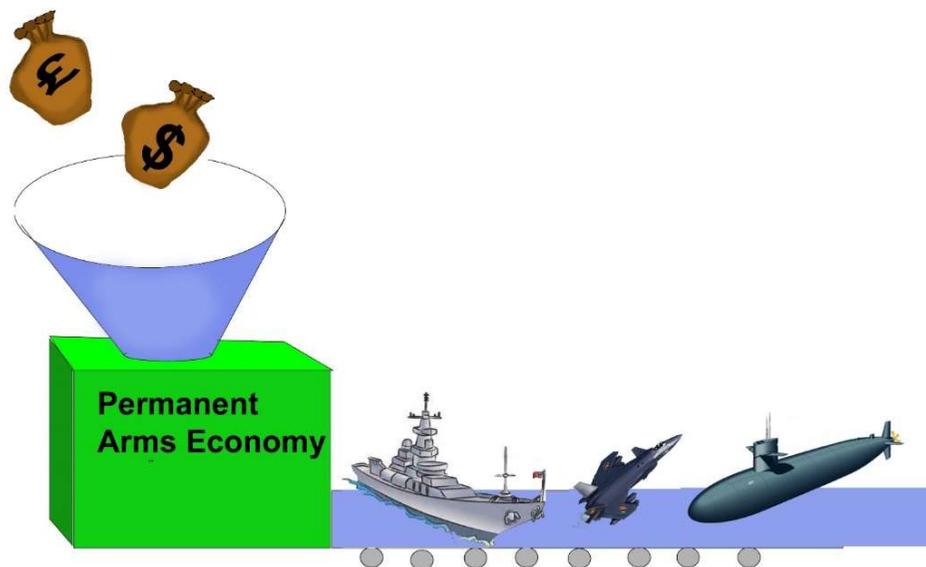


Women had been kept subservient for thousands of years. In the 1930s nurses, teachers, etc were sacked as soon as they got married. The need for Women to help produce arms for the slaughter was a big step forward in their liberation.

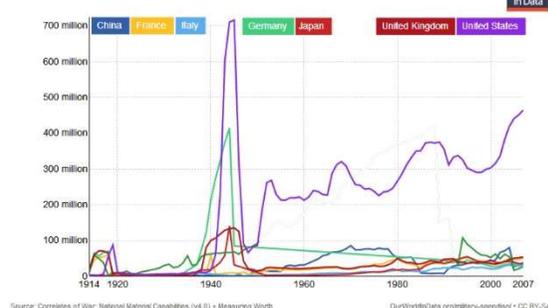


About 60,000,000 (60 million) were killed in WW2

Post War boom The Golden Age 1945 – 1970



Military expenditure by country (in thousands of 2000 US dollars), 1914-2007 Our World in Data



For the USA arms expenditure stayed relatively high. Arms expenditure keeps demand high for steel electronic goods, chemicals. Workers in the military industrial complex have stable wages so help ensure strong

consumer demand. The money that the bosses spend on the military was not spent on the means of production, which would have eventually reduced the profit rate.

Post War boom The Golden Age 1945 – 1970

"We are all Keynesians now" was attributed to Nixon.

A major weakness for the permanent arms expenditure was that all benefit but only some pay for it.

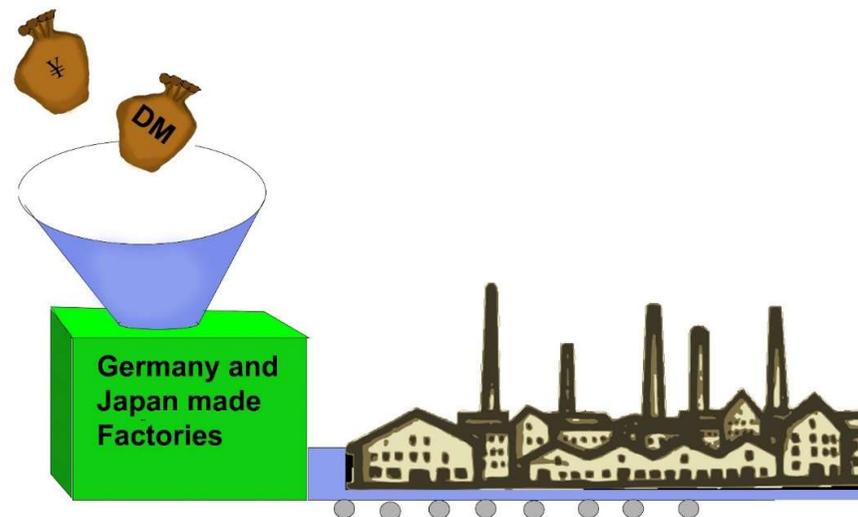


TABLE 2
Industrial production indices 1938-58 (1950 = 100)

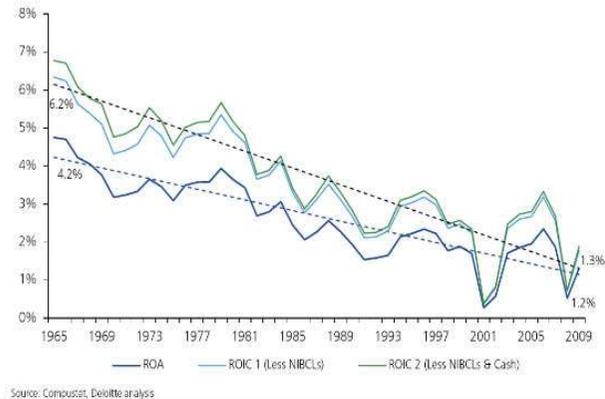
	1938	1952	1955	1958
West Germany	107	139	178	210
Britain	75	106	121	122
France	83	112	134	172
Italy	79	128	152	180
Japan	160	183	214	309
USA	43	121	127	124

SOURCE: Wolf, *Thesis* (see note 30 below), p. 35.

There was an assumption that the post war boom would go on forever. Falling rate of profit – shortage of raw materials – over supply of paper money led to stagflation.

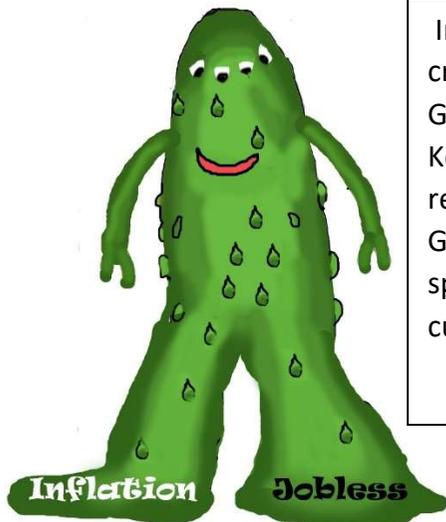
Stagflation Falling rate of profit

Exhibit 6: Economy-wide Return on Invested Capital (ROIC) (1965-2009)



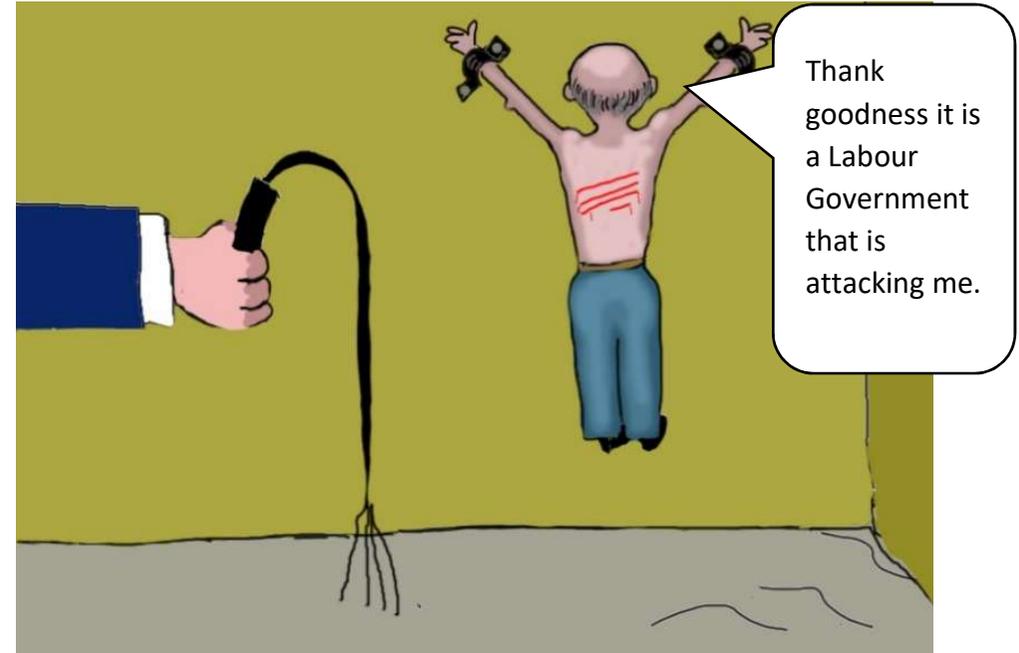
Stagflation- In a downturn Keynes said spend money to create demand. If inflation is high the traditional solution is to cool the economy by making money more expensive so there is less investment.

The problem is when inflation is combined with rising unemployment. Stagflation in the 1970s.



In the face of the crisis the Callaghan Government ditched Keynesianism and resorted to cuts in Government spending and pay curbs.

Stagflation Jim Callaghan Labour Prime Minister said “We used to think that you could spend your way out of a recession, and increase employment by cutting taxes and boosting Government spending. I tell you in all candour that that option no longer exists” 1976



‘The past 12 months have almost certainly seen the sharpest fall in the real living standards of Britain’s working population in any year for at least a century, including the wars. Indeed, to find any comparable fall, it would probably be necessary to go back to the eighteenth and early nineteenth century.’ (**Observer**, May 1 1977)

The TUC leaders could no longer hold back their members’ resistance to falling living standards. The Winter of Discontent ended Callaghan’s cuts, but allowed Thatcher to become prime minister.

Stagflation – Thatcher's solution - Monetarism



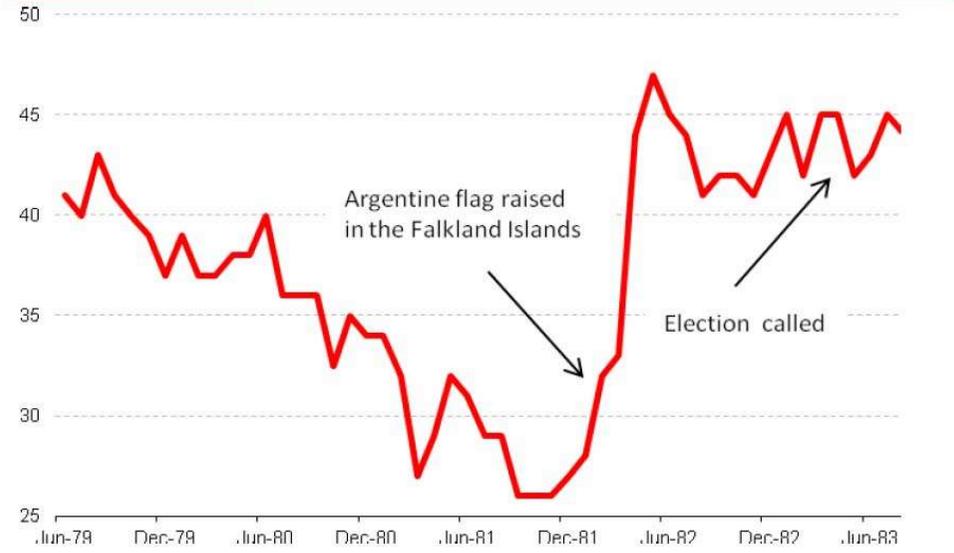
The monetarists convinced Thatcher to cut the money supply which caused a huge downturn. This increased unemployment to 12%.



Thatcher's
Monetarism
wasn't working

War Falklands War Made the Tories Popular

Conservative party approval rating during the Thatcher project



Source: Helmut Norpoth, "Economics, Mrs. Thatcher and the British Voter"

Break unions- Thatcher gave a 45% pay increase for the police. They were used to break the power of the miners, print workers, etc.

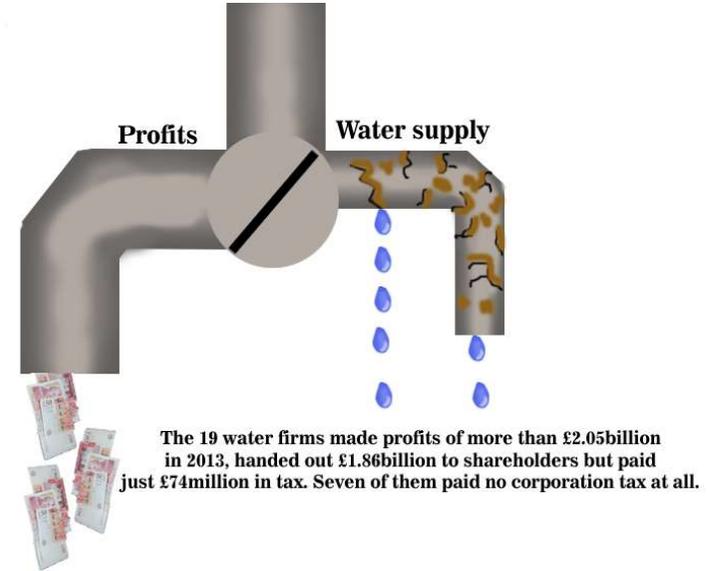
What pay increase do I give so that you will help me break the trade unions and introduce the poll tax?



Privatisation-AKA selling off family Jewells



Privatisation- water



Privatisation- of trains



Richard Branson said the privatisation of rail was a licence to print money.



Crisis avoidance 1980 - 2008

Built in obsolescence

One way to keep up demand for a product is built in obsolescence.

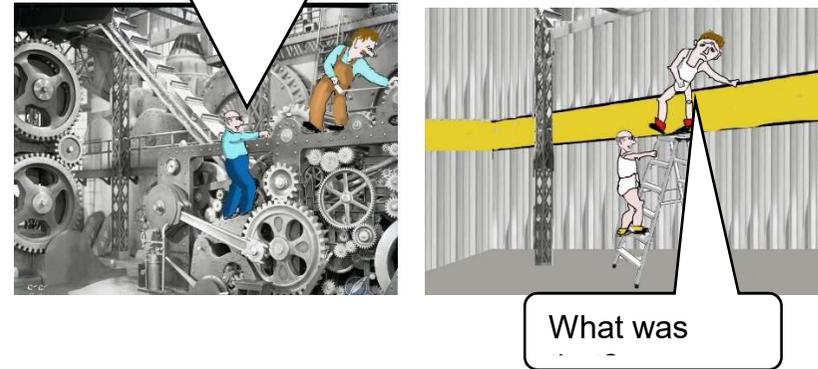


“The **Phoebus cartel** was a cartel of, among others, Osram, Philips, and General Electric^[1] from December 23, 1924 until 1939 that existed to control the manufacture and sale of light bulbs.^[2] The cartel is an important step in the history of the global economy because it engaged in large-scale planned obsolescence. It reduced competition in the light bulb industry for almost fifteen years, and has been accused of preventing technological advances that would have produced longer-lasting light bulbs.” Wikipedia

Crisis avoidance 1980 - 2008

Asset Stripping-If a boss cannot make money from production, he can sell off assets.

There are rumours that the new bosses are asset strippers.



Four people formed Phoenix Venture Holdings and bought MG Rover for £10 from BMW in 2000. They ran one of our proudest firms into the ground and left 6,300 workers out in the cold. The Phoenix Four further outraged their former employees by appearing to walk away from the MG Rover saga scot free. Millionaires John Towers, Nick Stephenson, John Edwards and Peter Beale have all been disqualified from being company directors following a lengthy investigation by The Insolvency Service. They pocketed £36 million during their spell in control.

Crisis avoidance 1980 - 2008

Tax increases for the poor

The employers want graduates, roads, infrastructure, but don't want to help pay for them.



Crisis avoidance 1980 - 2008

The trickle down theory

You stuff the rich with money

And...

No that is it.

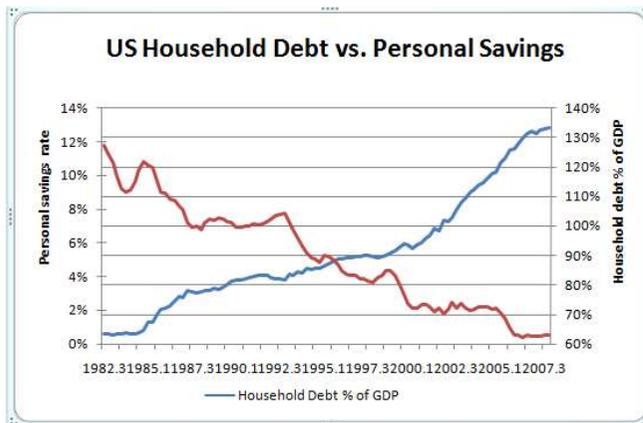
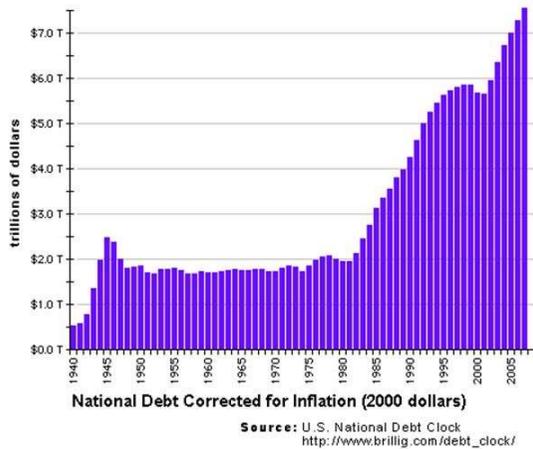
You stuff the rich with money.



Crisis avoidance 1980 - 2008

The rich moved some of their production from the UK and USA to cheaper places like Mexico and China.

The Governments and the public maintained demand by borrowing on a massive scale.



Crisis avoidance 1980 - 2008

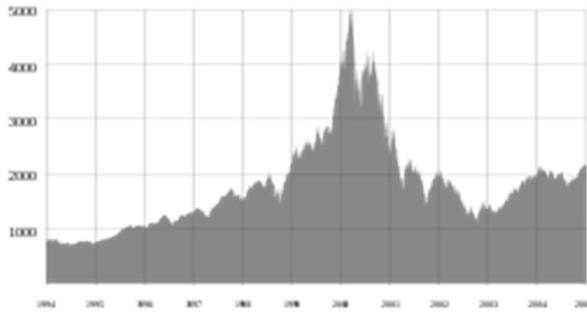
The USA became the consumer of last resort. It was clearly unsustainable.



Crisis avoidance 1980 – 2008

If bosses cannot make a profit from normal production, They will look to speculation to furnish them with profits.

There was a speculative boom in dotcom shares. In 2000 the Nasdaq rose to over 5000. Two years later it fell to 1,100.



There was a speculative bubble in USA housing



The system is in trouble when a lucrative form of making money is lending it to very poor people to feed a housing bubble. Mortgages for workers are usually a safe investment. The subprime loans were borderline fraud. There were no real checks on people's ability to pay the mortgage. The introductory rates were low so defaults were put off. Portfolios of good and poor loans were packaged together in order to get a triple A rating.

Crisis avoidance 1980 - 2008



2008

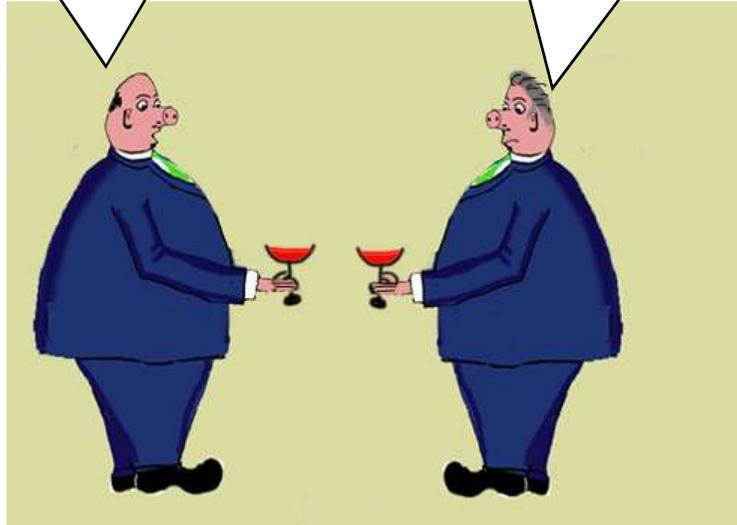
Many people without good incomes started to default. The banks were forced to start selling their houses. As more houses came on the market, the price fell. The assets that were linked to house prices started to look toxic. So more banks started to try to get rid of these assets.



Crisis

I am not lending money to you because I think you are bankrupt.

But I think you are bankrupt.



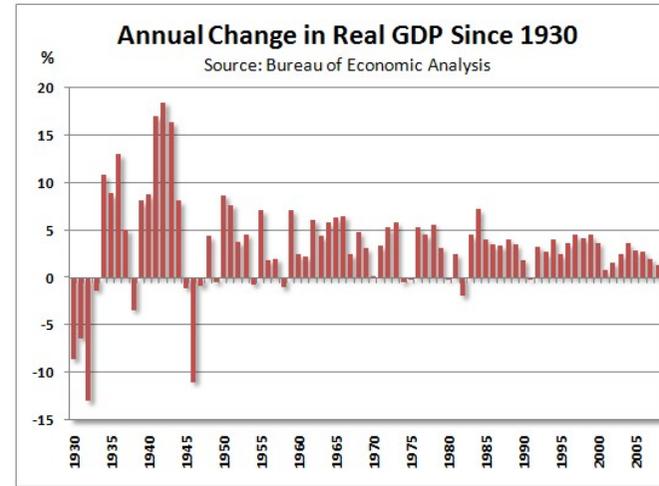
U.S. Forces Nine Major Banks To Accept Partial Nationalization

Government actions across the world prevented an immediate 1930s style crisis. However the crisis has not gone away. We are in rerun of the 1930s world but run in slow motion. At its peak the support to UK banks was 1,029billion. (National audit office.)

Crisis Overproduction

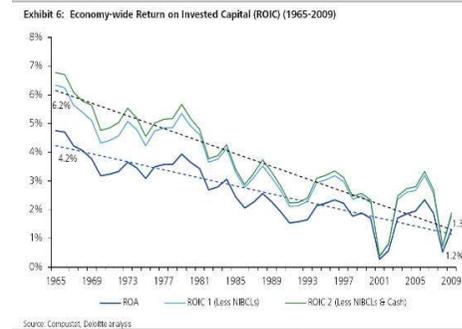
The world is awash with oil, as excess supply has reached record levels despite prices collapsing by nearly half over the last year. There are now more than 3bn barrels of excess supply in world oil
Telegraph 13th November 2015

World underlying economic problems remain



Real world GDP growth

USA Return on Capital invested

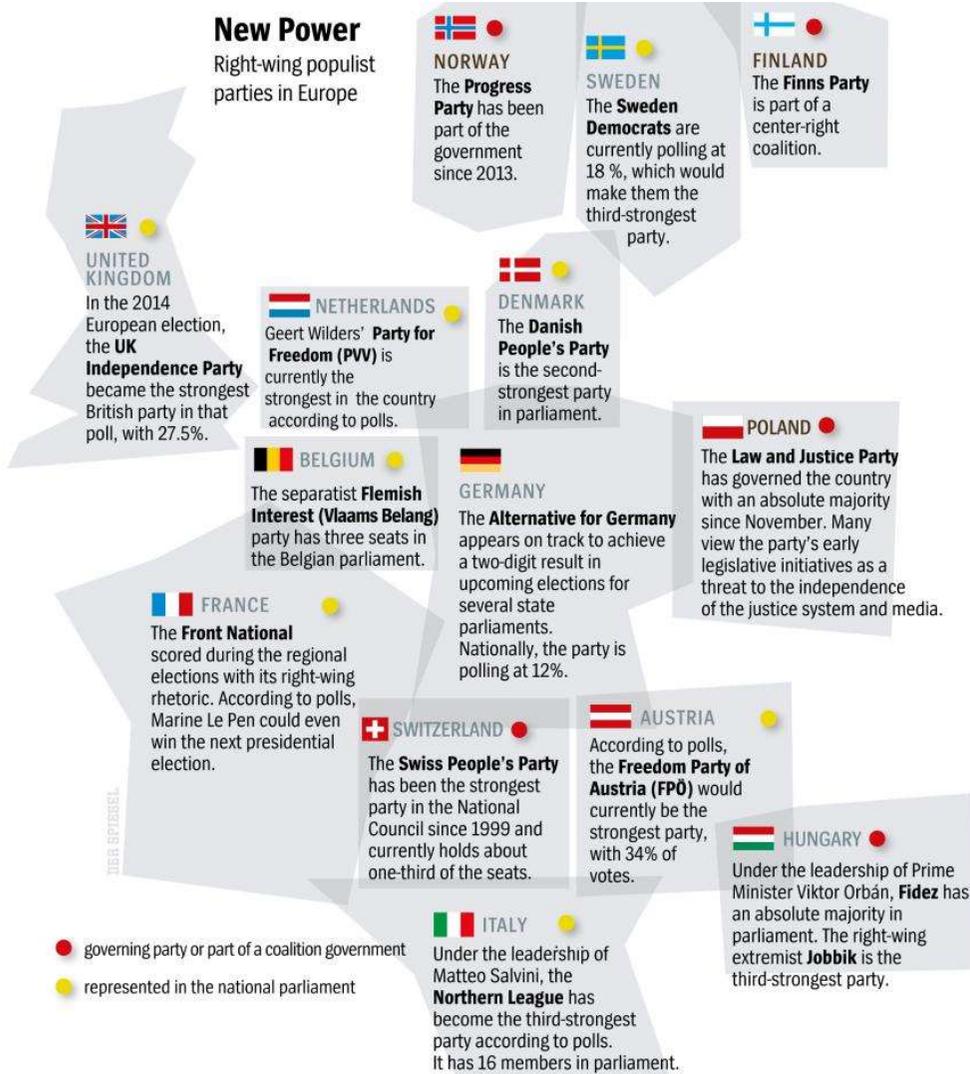


Over production

The Economist explains

Why the world has too much steel -May 5th 2016

Crisis blame the Muslims In the 1930s the chosen minority to persecute was the Jews. Today it is mostly Moslems and immigrants.



<http://www.spiegel.de/international/europe/bild-1076259-955054.html>

Crisis blame the Muslims Bosses need scapegoats for the crisis.



Donald Trump, (keep the Moslems out), greets Modi (prime Minister of India and member of BJP a Hindu Nationalist party and was a member of the Hitler liking RSS.)

Ordinary people are being caught up in economic and geopolitical struggles dressed in sectarian and religious divides. Syria is one of the bloodiest, but there are others like Yemen.

Crisis-austerity for the poor In one of the richest countries in the world the UK “Poor Families To Lose Up To £7,000 A Year Under Tory Welfare Cuts, New Figures Show” Huffpost 3rd April 2017.



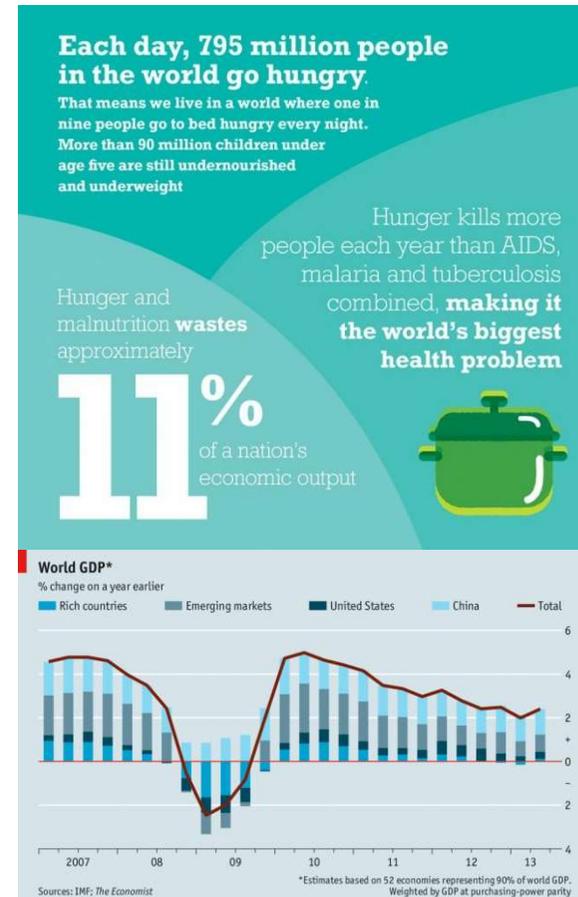
“Britain's divided decade: the rich are 64% richer than before the recession, while the poor are 57% poorer.” Independent Tuesday 10 March 2015

Between 1st April 2016 and 31st March 2017, **The Trussell Trust's Foodbank Network provided 1,182,954 three day emergency food supplies to people in crisis** compared to 1,109,309 in 2015-16. Of this number, **436,938 went to children.**

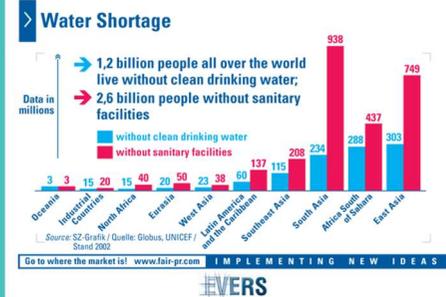
80% of self-employed people in Britain live in poverty 8th June Independent 2016 (5 million)

Binman dad says he faces £5,000 a year pay cut and strike is his last resort Birmingham mail 14th August 2017

Crisis-austerity for the poor We live in an insane world. Millions of people are jobless, there is ‘too much steel and petrol’. Nearly 1/2 of the world’s population — more than 3 billion people — live on less than \$2.50 a day. More than 1.3 billion live in extreme poverty — less than \$1.25 a day. 1 billion children worldwide are living in poverty. According to UNICEF, 22,000 children die each day due to poverty.



Concern worldwide 2017



The world has low growth rates and crises. There are wars for power and oil.

Crisis-greed for the rich

“A 5,000% price hike...America was in shock when a drug called Daraprim that's used by some AIDS and transplant patients skyrocketed overnight from \$13.50 to \$750 a pill.” CNN August 25th 2016.



The £50m payday: Anger at Rolls Royce, Shell and WPP over 'fat cat' bosses' generous deals

- More than £51 million was dished out to three of the City's biggest names
- WPP boss Martin Sorrell was the biggest earner as he was awarded £42 million
- Shell boss Ben van Beurden saw his pay jump 54 per cent last year

The wealth of the UK's 1,000 richest people rose by 14% in the past year to £658 billion, according to the list published today.
Metro 7th May 2017

Richest 62 people as wealthy as half of world's population, says Oxfam

Rather than support the USA authorities in rooting out corruption, Osborne urged US authorities to go gently.



TOO BIG TO JAIL: George Osborne helped HSBC avoid US criminal charges for money laundering



Oscar Williams-Grut  
Jul. 12, 2016, 8:28 AM  4,842

Corbyn's solution

“So let's build a fairer Britain where no one is held back. A country where everybody is able to get on in life, to have security at work and at home, to be decently paid for the work they do, and to live their lives with the dignity they deserve.”

He wants to end austerity, increase investment and tax the rich. Millions of us agree with him.



Traditionally when the rich object to a Labour Government's economic policies, they respond by a mass selling of the currency. They cause a run on the £.

Bosses attack Labour Governments

The MacDonald Government was defeated by a run on the £ in 1929



Beatrice Webb a Fabian and wife of Sidney Webb wrote "So it is the financiers, British and American, who will settle the personnel and the policy of the British Government."

In 1947 there was a crisis. The Atlee Labour Government

feared a run on the £. "In February 1948, Attlee called for the voluntary stabilisation of wages and prices (effectively a 'wage freeze'), which the TUC also agreed to endorse." Cabinet papers.

In November 1964 the Wilson Labour Government was hit by a run on the £.



"We had now reached the situation where a newly elected Government with a mandate from the people was being told...by international speculators that the policies on which we had fought the election could not be implemented." Wilson

Bosses attack Labour Governments

There are other policies that are open to the rich. Campbell Adamson director General of the Confederation of British Industry recounted opposing the Wilson Callaghan Government:

"I remember going through with the council at one meeting a whole list of actions that our side might have to take if Benn really got his way in a white paper...We certainly discussed an investment strike...but we also discussed various things about not paying various taxes, and a list-I don't know that I want to be very specific-but a list of things which in themselves would not have been legal."

The Blair-Brown Government was also hit by an economic crisis. It accepted that it had to introduce austerity.

The Labour Chancellor "Alistair Darling admitted tonight that Labour's planned cuts in public spending will be "deeper and tougher" than Margaret Thatcher's in the 1980s." Guardian 25 March 2010

The rich and powerful caused a crisis then blamed the Labour Party for it.

"It was verging on the bizarre that the Labour Party thought they had anything to teach anyone about the banks because they are single handedly responsible for the biggest collapse in our banking system in the postwar period." Nick Clegg



We MI5 and MI6 are the only branches of Government that listens to you.

Sections of the State machine have organised against MacDonald, Wilson and, according to Len McCluskey, Corbyn.

Will there be a war?

Trump on Iraq “We should have kept the oil”

Trump on Iran agreement “one of the worst and most one-sided transactions the United States has ever entered into”

Trump on North Korea “Just heard Foreign Minister of North Korea speak at U.N. If he echoes thoughts of Little Rocket Man, they won’t be around much longer!” He also stated that “Rocket man is on a suicide mission.”

If you’re an embattled head of state, deflecting criticism through foreign adventure carries seductive appeal: Outside threats can cause people to pull together.

We in Britain has been dragged into four wars at the behest of the United States. Iraq, Lybya, Syria and Afghanistan. Each has led to a failed state and breeding grounds for terrorism.

Imperialism Cecil Rhodes wrote “I was in the East End of London (a working-class quarter) yesterday and attended a meeting of the unemployed. I listened to the wild speeches, which were just a cry for ‘bread! bread!’ and on my way home I pondered over the scene and I became more than ever convinced of the importance of imperialism.... My cherished idea is a solution for the social problem, i.e., in order to save the 40,000,000 inhabitants of the United Kingdom from a bloody civil war, we colonial statesmen must acquire new lands to settle the surplus population, to provide new markets for the goods produced in the factories and mines. **The Empire, as I have always said, is a bread and butter question. If you want to avoid civil war, you must become imperialists.**”

What we have to do

1. Build a mass movement to get Corbyn elected
2. That movement must be maintained to prevent the right wing in the Labour Party from destroying the manifesto.
3. Organise to defend a Corbyn Government from the inevitable attacks from the media and financial bosses.
4. That campaign cannot wait for elections. It needs to be built from the trade union movement, the anti-racist movements, the pro justice movements and the anti austerity movements. It needs to be built now.



We believe that such a campaign will weaken our rulers. But we should not stop there.

While ever there is production for profit there will be racism, crises and wars. While ever there is a ruling class they will regroup and try to regain lost territory.

Only by organising together can we break their power and build a world where production is for human need and the planet is not plundered for private profit. This pamphlet is produced by Red 34.