

Economic Recovery in America? US Poverty Report Contradicts GDP Claims

2013 Real Median Household Declined to 1994 Level

By [Dr. Paul Craig Roberts](#)

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It is amazing how the government manages to continue selling Brooklyn Bridges to a gullible public. Americans buy wars they don't need and economic recoveries that do not exist.

The best investment in America is a highly leveraged fund that invests only in large cap companies that are buying back their own stocks. Many of the firms repurchasing their stocks are borrowing in order to push up their stock prices, executive "performance bonuses," and shareholders' capital gains. The debt incurred will have to be serviced by future earnings. This is not a picture of capitalism that is driving the economy by investment.

Neither is consumer spending driving the economy. The US Census Bureau's 2013 Income and Poverty Report concludes that in 2013 real median household income was 8 percent below the amount in 2007, the year prior to [the 2008 recession and has declined to the level in 1994, two decades ago!](#)

[Even though real household income has not regained the pre-recession level and has declined to the level 20 years ago, the government and financial press claim that the economy has been in recovery since June 2009.](#)

Neither is an increase in consumer debt driving the economy. The only growth in personal debt is in student loans.

Real retail sales (corrected with a non-rigged measure of inflation) remain at the level of the bottom of the recession in 2009. Macy's, J.C. Penny's, and Sears store closings are further evidence of the lack of retail sales growth, as is the fact that two of the three dollar store chains are in trouble. Walmart's sales are declining.

The basis of auto sales hype is subprime loans and leases taken by those who cannot qualify for a loan to purchase.

Housing starts remain far below the pre-recession level, which is not surprising when available jobs are part-time with no benefits. Such jobs cannot support the formation of households and purchase of homes.

Where does the government's second quarter 2014 real GDP growth rate of 4.6 percent come from? It comes from an understated inflation measure and jiggled numbers. It is not a correct figure. Nothing has occurred in the economy to turn it from a first quarter decline of

more than 2 percent into a second quarter growth of 4.6 percent.

The 4.6 percent number is pulled out of a hat to set the stage for the November election.

It is extraordinary that economists and the financial media permit the government to get away with its false economic reporting. Of course Wall Street likes good news . . . but fake news that misleads investors and covers up economic policy mistakes?

Clearly, something is wrong with the government's economic reporting. It is not possible to have real GDP growth when real median family incomes are declining and business investment consists of corporations buying back their own shares. Either the government's GDP estimate is incorrect or the Census Bureau's Income and Poverty report is incorrect. Apparently Washington doesn't understand that if it is going to rig the numbers, it must rig all the numbers.

The rigged inflation measures create illusionary real GDP growth. They also block cost-of-living adjustments to Social Security pensions. Indeed, the main purpose of the rigged inflation measures is to get rid of "socialistic" Social Security by allowing inflation to gradually erode away the real values of "entitlements." Republicans always want to cut "entitlements" that people have paid for over their working lifetime with the payroll tax. But Republicans never want to cut the payroll tax. They need the revenues in order to bail out the big banks and to pay for never-ending wars.

Washington has been conducting needless wars abroad for 93 percent of the 21st century at a cost of trillions of dollars. More trillions have been wasted bailing out banks that deregulation permitted to become "too big to fail." During the past seven years, millions of Americans have lost their jobs and their homes, and food stamp rolls have reached record numbers. These hurting Americans have been ignored by policy-makers in Washington.

Clearly, government in America is focused on something different from a healthy economy and the well being of citizens. We call it democracy, but it's not.

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About the author:

Paul Craig Roberts, former Assistant Secretary of the US Treasury and Associate Editor of the Wall Street Journal, has held numerous university appointments. He is a frequent contributor to Global Research. Dr. Roberts can be reached at <http://paulcraigroberts.org>

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