Obama's "No Growth, No Jobs, No Recovery" Economy Gives Up The Ghost

By Mike Whitney
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The world's biggest economy ground to a standstill in the first quarter of 2015 wracked by massive job losses in the oil sector, falling personal consumption, weak exports and droopy fixed investment. Real gross domestic product (GDP), the value of the production of goods and services in the US, increased at an abysmal annual rate of just 0.2 percent in Q1 '15 according to the Bureau of Economic Analysis demonstrating conclusively that 6 years of zero rates and Large-Scale Asset Purchases (LSAP)– which have enriched stock speculators, inflated the largest asset-price bubble in history, and exacerbated inequality to levels not seen since the Gilded Age– have done nothing to improve the real economy, boost demand or reduce unemployment. As the BEA data illustrates, the US economy is basically DOA, a victim of criminal congressional negligence and Central Bank chicanery.

From the BEA release:

> "The deceleration in real GDP growth in the first quarter reflected a deceleration in PCE, downturns in exports, in nonresidential fixed investment, and in state and local government spending, and a deceleration in residential fixed investment that were partly offset by a deceleration in imports and upturns in private inventory investment and in federal government spending."

Translation: The economy is in the shi**er. Consumers aren't spending because the crap-ass jobs they landed after the crisis pay half as much as the jobs they lost when Wall Street blew up the financial system. Personal savings are up and spending is down because households face an uncertain future where pensions are being trimmed and Social Security is under attack. Also, spending is impacted by the historic low (employment) participation rate which indicates that joblessness is much higher than the government's phony numbers suggest. When workers are unemployed they don't spend, activity drops, and the economy tanks. It's that simple. Today's data just confirms what most people already know, that the economy stinks and that they're being ripped off by a voracious oligarchy that's stacked the deck in their favor.

The US economy is stuck in the mud because our bought-and-paid-for congress has relinquished all authority and handed over the management of the economy to the industry-controlled Federal Reserve. Whereas our current budget deficits are in the range of 2 percent per annum, the government should be spending a lot more to compensate for the slowdown in private sector spending and investment. In the past, the congress and president would initiate sensible Keynesian fiscal stimulus programs to keep the economy sputtering along while households repaired their balance sheets or businesses struggled with weak demand. Those tried-and-true remedies have been jettisoned for the new monetarist orthodoxy that requires that all the nation's wealth be filtered through the Wall Street casino so that the pampered thieves who destroyed the country with their mortgage-securities-Ponzi-scam be further rewarded for their insatiable greed.

Manufacturing, retail sales, MBA purchase applications, business investment etc, are all in the toilet. There's a very good chance the economy is already in recession which will undoubtedly send stocks even higher since every proclamation of bad news generates a buying frenzy by clever speculators who anticipate that the Fed will continue to extend the zero rates and easy money to infinity.

It's worth noting that the economy had been hanging on by the skin of its teeth mainly do to strong activity in the oil patch where credit expansion, intensive corporate investment, and high-paying jobs (which supported 4 additional jobs in the local economy!) contributed more than $200 billion per year to GDP. Now domestic oil production is in deep distress. Layoffs recently surpassed the 100,000 milestone (See: Oil Layoffs Hit 100,000 and Counting, Wall Street Journal) and borrowing has dried up. Economist Warren Mosler explains the impact the cutbacks in domestic oil have had on GDP in this video from RT that I have transcribed:

> "The price drop in oil has turned out to be the unambiguous negative that we had talked about before….where income saved by the consumer, is lost by another consumer. For every dollar not spend by one consumer, another doesn't get it. ..so you're just left with the collapse in capital expenditures. (business investment) It turns out, there was about $150 borrowed in the sector last year, driving what modest growth we had last year. Since that disappeared, all the numbers have been going straight down. Unless something steps up to the plate to replace the lost borrowing-to-spend from chasing $100 oil, I see no hope whatsoever." (Warren Mosler Interview, RT)

Economic recovery requires credit expansion, business investment and jobs. All three of these were severely impacted by the Obama's goofy plan to push down oil prices in order to destroy the Russian economy. Here's a brief summary:

> "John Kerry, the US Secretary of State, allegedly struck a deal with King Abdullah in September under which the Saudis would sell crude at below the prevailing market price. That would help explain why the price has been falling at a time when, given the turmoil in Iraq and Syria caused by Islamic State, it would normally have been rising." (Stakes are high as US plays the oil card against Iran and Russia, Larry Eliot, Guardian)

As indicated by today's ghastly GDP data, Obama not only shot himself in the foot, he might have blown off his whole leg. Aside from the colossal growth in private inventories–which will be a drag on future growth–todays report was nothing short of a disaster.

Mike Whitney lives in Washington state. He is a contributor to Hopeless: Barack Obama and the Politics of Illusion (AK Press). Hopeless is also available in a Kindle edition. He can be reached at fergiewhitney@msn.com.

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