

The Real Economic Picture: “There is No Recovery”

By [Dr. Paul Craig Roberts](#)

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Region: [USA](#)

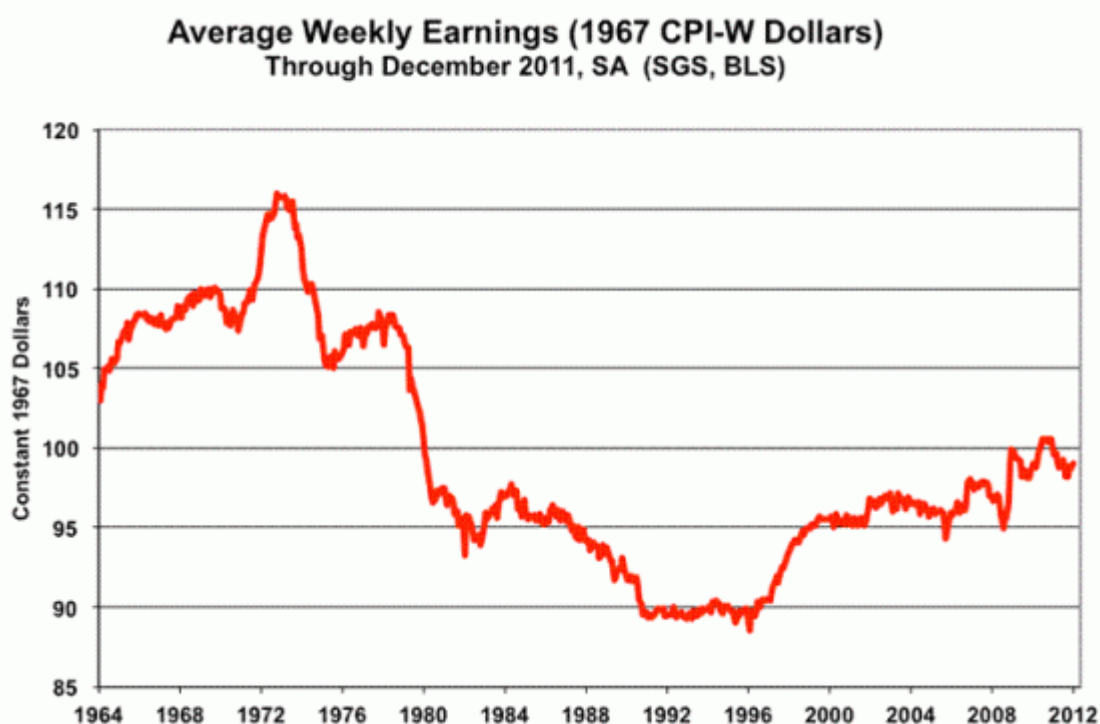
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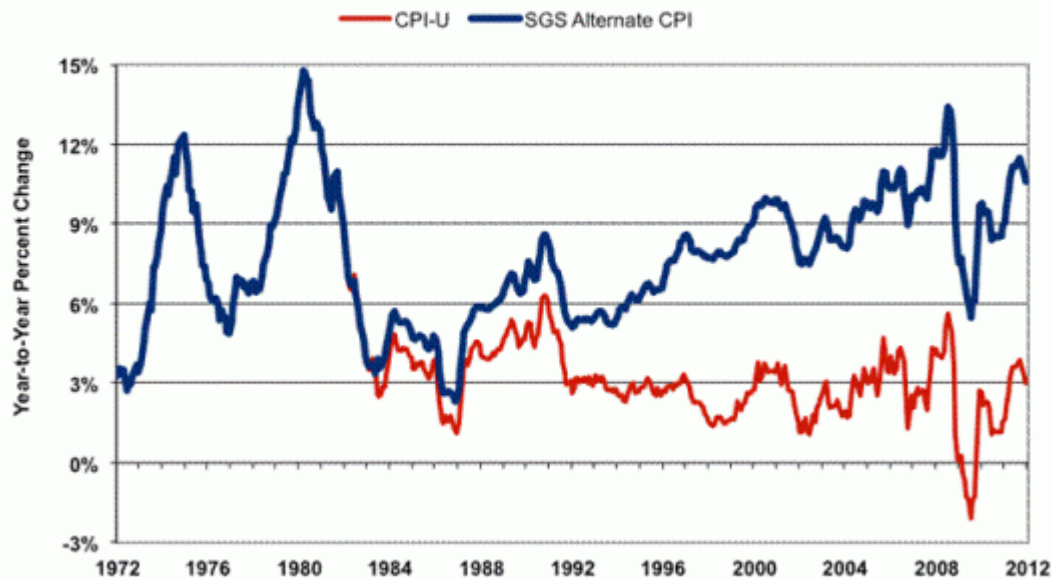
The charts below come from John Williams Hyperinflation Report, January 25, 2012. The commentary is supplied by me.

Here is the chart of real average weekly earnings deflated by the US government’s own measure of inflation, which as I pointed out in my recent column, Economics Lesson 1, understates true inflation.



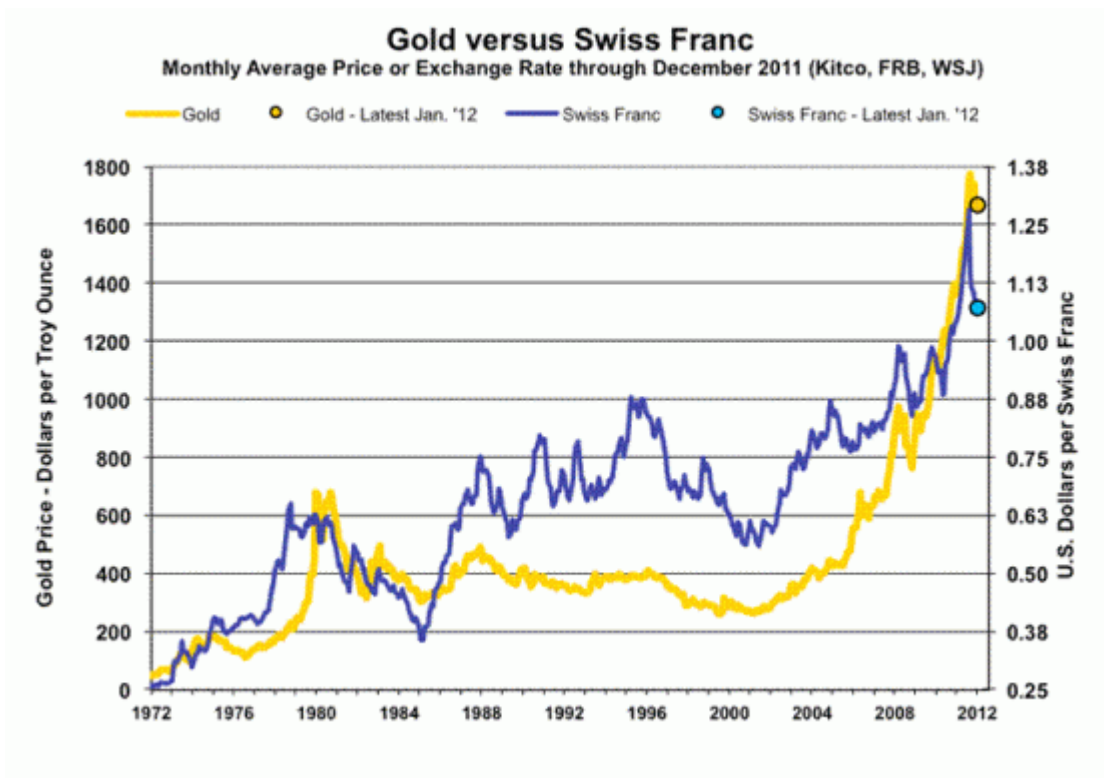
This chart (below) shows the behavior of inflation as measured by “our” government’s official measure, CPI-U (bottom line) and John Williams measure which uses the official methodology of when I was Assistant Secretary of the US Treasury. The gap between the top and bottom lines represents the amount of money that was due to Social Security recipients and others whose income was indexed to inflation that was diverted by the government to wars, police state, and bankers’ bailouts.

**Annual Consumer Inflation
CPI vs. SGS Alternate (1980 Base)**
1972 to December 2011, Sources: ShadowStats.com, BLS



This next chart shows the gains that gold and the Swiss franc have made against the US dollar. The Swiss franc is the top line and gold is the bottom. When gold and the Swiss franc rise, the dollar is falling. Notice that during President Reagan's first term, when I was in the Treasury, gold and the Swiss franc dropped, that is, the dollar rose in purchasing power. Obviously, the supply-side policy that Reagan implemented strengthened the US dollar. It was only with the advent of the Bush policy of endless trillion dollar wars, reaffirmed by Obama, that the US dollar and economy collapsed relative to gold and hard currencies.

The recent drop in the Swiss franc is due to the Swiss government announcing that the country's exports could not tolerate any further run up in the franc's value, and that the Swiss central bank would print new francs to accommodate future inflows of dollars and euros. In other words, Switzerland was forced to import US inflation in order to protect its exports.



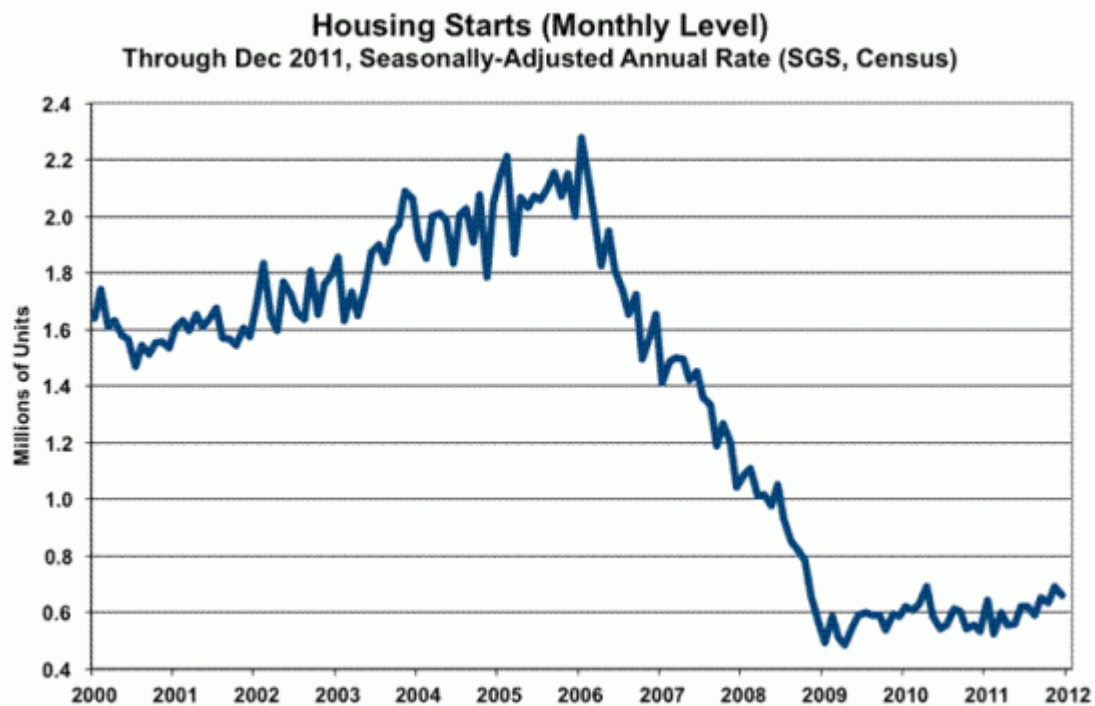
Here is nonfarm payroll employment. As you can see, the US economy has been in recession for four years despite the easiest monetary policy and largest government deficits in US history.



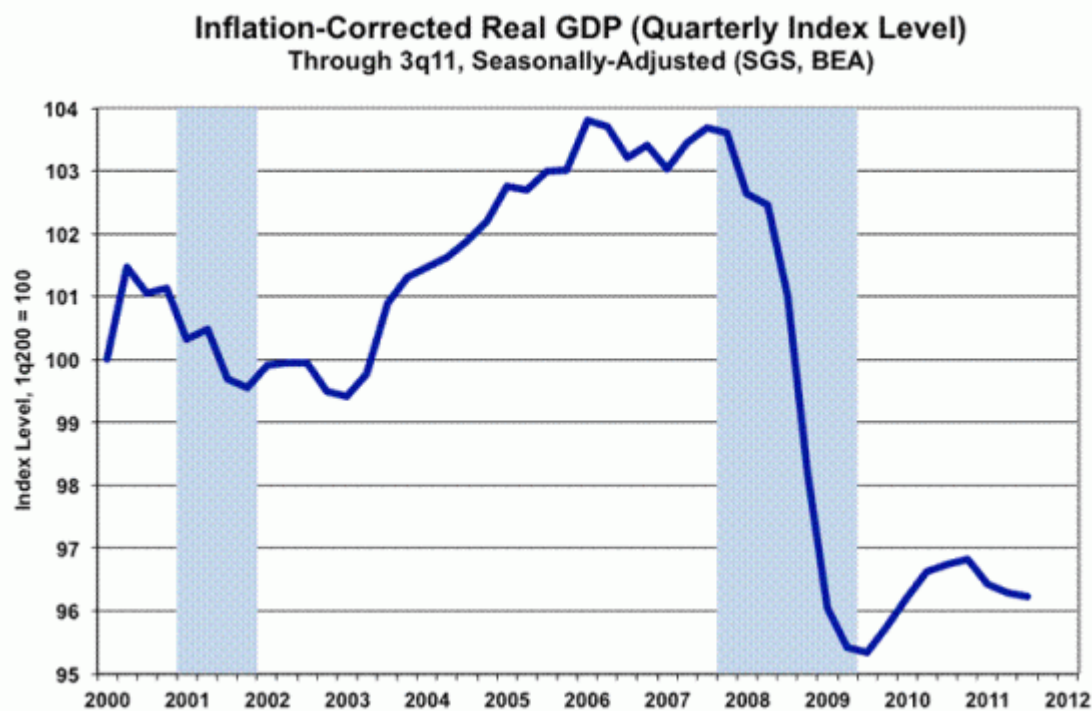
Here is consumer confidence. Do you see a recovery despite all the recovery hype from politicians and the financial media?



Here is housing starts. Do you see a recovery?



Here is real GDP deflated according to the methodology used when I was in the US Treasury.



Here is real retail sales deflated by the traditional, as contrasted with the current, substitution-based, measure of inflation.



These graphs courtesy of John Williams make it completely clear that there is no economic recovery. In place of recovery, we have hype from politicians, Wall Street, and the prostitute media. The “recovery” is no more real than Iraqi “weapons of mass destruction” or Iranian “nukes” or the Obama regime’s phony story of assassinating last year an undefended Osama bin Laden, allegedly the mastermind of Islamic terrorism, left by al Qaeda to the mercy of a US Seal team, a man who was widely reported to have died from renal failure in December 2001, a man who denied any responsibility for 9/11.

A government and media that will deceive you about simple things such as inflation, unemployment, and GDP growth, will lie to you about everything.

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