

What they Don't Tell You About the Economy

By [Margaret Flowers](#) and [Kevin Zeese](#)

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Region: [USA](#)

Theme: [Global Economy](#), [Poverty & Social Inequality](#)

The corporate media and front groups for big business and political parties leave out what we believe are important details. That's why at [It's Our Economy](#) we focus on articles that go deeper into current news. This week: the real national security budget is bigger than acknowledged, the growth in GDP before the election seems to be due to government spending being sped up, the poor don't live well as the right wing claims, and the U.S. is a 'managed democracy' or polyarchy where the people do not rule.

✘ Economist David Cay Johnson digs deep to show that while attention is focused on the President's budget proposal for military spending and cuts to Social Security and Medicare, a large sector of spending is being ignored. That is total spending on the National Security State and it is as much as [2.5 times the base Defense budget](#); that's \$1.3 trillion not the \$525 million the corporate media trumpets.

And labor economist Jack Rasmus reports that GDP was [artificially inflated in the third quarter](#) last year (just prior to the elections) by record levels of federal defense spending. Was this to make the economy look good for the election? We may never know the reason for this rapid spending of government funds. It might not have even been noticed, but on the other side, in the fourth quarter, the GDP declined. Why? A rapid drop in military spending. The shrinkage of GDP in the fourth quarter had people looking more closely at the numbers. Rasmus still cautions that we are headed for a double-dip recession in 2013-14. A recession can be mitigated by job creation, but [unemployment is rising](#) and technology is [permanently destroying middle class jobs](#).

The likelihood of a recession is increasing because of an [unprecedented drop in federal spending](#). As [we warned, experience shows that cuts in spending during an economic collapse makes a long and deep recession](#) more likely.

✘ Thomas Edsall busts the [myths about Americans in poverty](#) being promulgated by the right. He says, "the presence in the United States of 42.6 million people officially living in poverty — no matter that they have access to a trickle of consumer goods — must be recognized as a powder keg." And Greg Kaufmann writes that if we are [serious about education](#), we must address poverty.

And while we are often told that we live in a democracy, Cliff DuRand explains the [conflict between real democracy and a global corporate state](#). He calls the US government "polyarchy" or a form of low-intensity democracy or as Sheldon Wolin calls it a "managed democracy." Chris Hedges tells us in simple terms these terms mean "political theater" to hide the rule of the elites behind a thin veil of expensive campaigns. Democracy is literally translated as "people power." An area of the world where true democracy (participatory democracy) is growing is Venezuela, but the [corporate media goes to great lengths to hide this](#). We interviewed Cliff Durand and Chris Hedges on "[Clearing the FOG](#)" this week, and [next week](#) we will speak about participatory democracy in Venezuela and the United States.

The good news is that economic and participatory democracy are [growing in the US](#). We are pleased to announce the first [It's Our Economy State Chapter in Colorado](#). If you are interested in starting a chapter, contact us at

itsoureconomy.us@gmail.com. Knowledge is power. That is why we try to bring you information that is not prominent in the media. Please share this email with others.

Kevin Zeese, JD and Margaret Flowers, MD co-direct [It's Our Economy](#) and co-host [Clearing the FOG](#). This article is based on the weekly newsletter for the organization, [sign up to receive it for free here](#).

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