



## The Great Lie About Economic Recovery

Last week marked the one-year anniversary of the collapse of Lehman Brothers and the subsequent beginning of the demise of the U.S. and global economies. That unofficial start to the end of economic normalcy as we once knew it represents one of the greatest mistruths of the past quarter-century, ranking right up there with the Bush administration's initial reasons for the invasion of Iraq.



Congress, the Bush Administration, Wall Street, government-sponsored economists, and the news media are all guilty of having painted the economy to be something it wasn't. The meltdown of the economy didn't begin with Lehman's demise in September of 2008. It began many months earlier, starting slowly in late-2006 before gaining strength over the second half of 2007 and all of 2008. The signs were plentiful, from record numbers of foreclosures and bankruptcies to negative personal savings rates to explosive commodity and resources costs to a good many small businesses saying something just wasn't right.

Yet, the political and bureaucratic leaders in Washington and the thought leaders in the press turned a purposeful and ignorant blind eye and deaf ear to the concerns, focusing instead on the promotion of the economic status quo or on other issues of supposed importance (such as the relentless attention paid to the presidential campaign). By not acknowledging or reporting on the economy's growing disequilibrium, they failed everyone by not living up to the faith and trust placed in them, and as a result, almost no one — not workers nor retirees nor business owners nor financiers — had been prepared for the horrible free-fall that occurred from September on. Millions of misled Americans were not given a heads-up and the chance to batten down the hatches and adjust their ways of spending, saving, and investing before it was much too late.

It's that same cast of characters — with the Obama administration the only subtle change — which is guilty of a lie just as damaging, one that has been repeated a great deal of late, their belief that the recession is over and recovery is just around the corner. They cannot be trusted in this assessment for they either willingly chose to not believe in or were oblivious to the recession when it actually began in 2007. They were not in the position to properly assess the economy last year, so, obviously, one cannot believe what they have to say now.

Nor, should we believe them. There is almost nothing that indicates that a speedy recovery is on the horizon. Earlier this year, President Obama's advisers predicted that unemployment would top out at 9 percent. We've already gone beyond that (9.7 percent at last report) and plant closures and downsizings across multiple industries persist. It's not a stretch to say that unemployment during and following this recession will peak at 14 percent. Even the President and crew have changed their tune to say it will peak "somewhere" in the double digits early next year. Comments like that, which are nebulous at best, speak volumes about the unknown into which we are venturing.

As the bloodletting continues on the employment rolls so will the lack of growth in the overall economy. With less and less consumers available, and those who do remain employed coming even more



Written by [Robert Confer](#) on September 15, 2009

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conservative with their discretionary income (not knowing if it may exist in the coming months), the hope for a recovery is delayed because of the well-directed emphasis placed on consumer spending in our world. The marketplace the entrepreneurial machine knew just three years ago is more than 10 percent smaller by participants and over 35 percent smaller by purchasing desire.

Compounding this mess is the fact that it's easier for an economy to shed jobs than it is to replenish them. In 2006, unemployment was very near what some call a "full employment" level of four percent. To get back to that and add more than 10 million jobs will take years, maybe even two decades or longer. Recent history shows that it took seven years starting in the mid-1990s to go from just over 6.7 percent unemployment to around 4.2 percent in 2001. That 2.5 percentage-point recovery is minute in comparison to the 10 percentage-point hole that our economy must overcome when this recession begins its recovery. And, this time around, things are so very different. As a general rule, factories and retail establishments were not permanently shuttered in the 1990 recession; jobs were cast aside temporarily and business went on almost as usual. But, in just the past two years alone, hundreds of thousands of businesses have closed for good, their assets, investments, and customer base gone. To reclaim the 10 million jobs lost by this recession, businesses — and therefore jobs — will have to be created from scratch. In order for such virgin growth to occur, a healthy economy — one that promotes the free-market — is a must.

Stifling the free market and slowing the development and redevelopment of jobs even more is the very thing that created the recession, the ongoing and unprecedented expansion of our federal government. It was the altruism of our government that forced lenders against their will to provide loans and mortgages to the unqualified who, in the end, proved unable to pay their debts, leaving every lender and ultimately every American on the hook. To correct the monster it created, the federal government has spent trillions on bailouts and new oversight programs, creating a national debt that now totals \$11.8 trillion and is expected to reach \$21 trillion by 2019. To satisfy that debt, the government will have to greatly tax those fortunate enough to have a job, or the Federal Reserve must create money out of thin air, sending the American dollar on a path towards worthlessness.

Unfortunately, too many people in the ranks of the unemployed or the underemployed are oblivious to this, and they are getting their hopes up based on false promises being delivered by the charlatans who oversee or analyze our nation. President Obama, the Federal Reserve, and economists everywhere would have them believe that their job woes will be over soon, that sometime in the very near future they will once again be collecting a paycheck and supporting their families. Sadly, the truth does not match such a dream. Rather, it is a living nightmare, and like most nightmares, this one started peacefully and has become something that one cannot escape until the sleeper has awakened. And this sleeping giant — our economy — has a long way to go before it awakens.

The only way to temper this nightmare is with a dream, a real one, the American Dream, the wondrous free market system that brought our economy to its previously prosperous heights. The government that has misled us into — and kept us in — this recession needs to move out of the way. Then and only then can a real and substantial recovery occur.



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