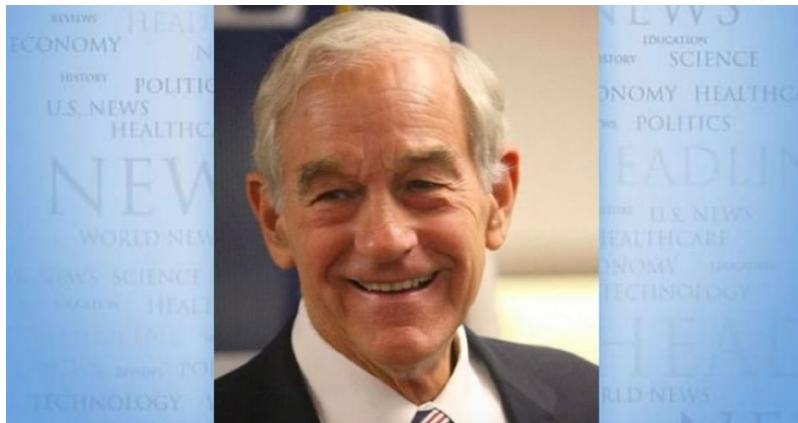




Written by [Ron Paul](#) on October 28, 2024

Government Gaslights People About the Economy

Public opinion polls consistently show the economy is one of the top issues, if not the top issue, for American voters. This may strike some as odd, since official government statistics show low unemployment and declining price inflation, suggesting the Federal Reserve has engineered a “soft landing” bringing down inflation without causing a recession. So why the concern over the economy? One reason is more people are realizing government economic figures hide the truth about the economy.



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“Recession Since 2022: US Economic Income and Output Have Fallen Overall for Four Years” is a Brownstone Institute research paper by Dr. E.J. Antoni, a research fellow at the Heritage Foundation, and Dr. Peter St. Onge, a fellow with the Mises Institute. It details how the federal government understates inflation, while making wages, profits, and economic growth appear stronger.

Dr. Antoni and Dr. St. Onge use a more accurate measure of inflation than that used by government to uncover the true state of the economy. Their calculations show that the US economy has been in recession since 2022. The government claims that Gross Domestic Product (GDP) increased by approximately 13.7 percent from 2019 through the first half of 2024. When the more accurate inflation number is used, the result is a 2.5 percent decline in GDP.

The federal government’s figures also show the American people’s disposable income increased by 12.9 percent from 2019 through the first half of 2024. However, when the more accurate way of calculating price inflation is used, it shows Americans’ disposable income declined by 2.3 percent. Dr. Antoni and Dr. St. Onge are hardly the first to expose how the government uses doctored statistics to make the economy look stronger. John Williams’s ShadowStats has regularly shown how government manipulates data to underreport unemployment and price inflation.

Government distortions of economic data mislead the people regarding the true state of the economy. They also mislead Congress, the president, and maybe even the Federal Reserve. Until the Audit the Fed bill becomes law, we will not know for sure what data the central bank relies on. Making economic policy decisions based on flawed data enables politicians to ignore the dangers posed by Congress’s refusal to cut federal spending.

Government spending puts pressure on the Federal Reserve to keep interest rates low. The Federal Reserve can keep interest rates low because the dollar’s world reserve currency status guarantees a strong demand for US dollars. A growing number of countries, though, are seeking alternatives to the dollar. One reason for this is resentment over the US government’s use of the dollar’s world reserve currency status to force other countries to abide by US demands. Saudi Arabia is moving away from exclusively using dollars for its oil trade. The “petrodollar” is a major reason the dollar has been able to maintain its world reserve currency status.

If the dollar loses its world reserve currency status, America would face a major economic crisis. This crisis could lead to the collapse of the welfare-warfare state and the fiat money system that makes it



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possible. The danger is the replacement could be even worse as a frightened populace turns toward an authoritarian promise of security in exchange for restriction of liberty. However, the collapse could also result in a turn toward respect for the principles of liberty, limited government, free markets, and a foreign policy of peace and free trade. Those who know the truth must continue to educate our fellow citizens about the benefits of liberty.

Ron Paul is a former U.S. congressman from Texas. This [article](#) originally appeared at the Ron Paul Institute for Peace and Prosperity and is reprinted here with permission.



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