



Written by [Bob Adelman](#) on July 30, 2020

Media Say Economy Plunged in Second Quarter, Fail to Tell Whole Story

The mainstream media, continuing its ongoing war against the Trump administration, celebrated the [latest report](#) from the U.S. Bureau of Economic Analysis (BEA) released on Thursday with headlines that shouted “[titanic plunge](#),” “deepest recession in American history,” “tidal wave of damage,” “a collapse of breathtaking speed and severity,” “devastating,” and so forth.



The media seem to be taking their cue from the (allegedly fake) deleted Tweet from Representative Alexandria Ocasio-Cortez (D-N.Y.): “It’s vital that Governors maintain restrictions on businesses until after the November Elections because economic recovery will help Trump be re-elected. A few business closures or job losses is a small price to pay for be free from his presidency #KeepUsClosed.”

In our effort to provide balance, *The New American* continues to report on an economy that is recovering more rapidly than many observers predicted.

First, the BEA report is an “advance” report. A second estimate, “based on more complete data,” will be released by the BEA on August 27, a month from now.

That “advance” report from the BEA was better than forecasters had predicted. Economists polled by MarketWatch estimated that the country’s gross domestic output of goods and services in the second quarter of 2020 would decline by 34.6 percent on an annualized basis. The BEA reported that the decline was 32.9 percent.

Second, the BEA is looking backward.

Third, most media are reporting as if that number is for the entire year. Instead it is the annualized rate of decline if it were to continue for 12 months. In fact, forward-looking economists think that for the year 2020 overall, the economy will suffer a shrinkage of something less than 10 percent, perhaps closer to five percent. Put that into perspective: The U.S. economy generates in excess of \$22 trillion worth of goods and services in a year. A five-percent decline is less than \$1 trillion. Awful, but only temporary.

Missing from the mainstream media’s commentary was some good news. One had to look for it, of course, which is apparently too much effort for many in the media, who aren’t looking for any good news. Said the BEA, “The price index for gross domestic purchases decreased by 1.5 percent in the second quarter.” This is equivalent to a pay raise of \$600 for a household making \$40,000 a year.

And savings jumped enormously in the second quarter, according to the BEA, hardly an indicator of an economy in the dumps: “Personal saving was \$4.69 trillion in the second quarter, compared with \$1.59 trillion in the first quarter.” It added: “The personal saving rate — personal saving as a percentage of disposable personal income — was 25.7 percent in the second quarter, compared with 9.5 percent in the first quarter.”



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The BEA then reminded those interested in the big picture: “For the period of expansion from the second quarter of 2009 through the fourth quarter of 2019, real GDP increased at an annual rate of 2.3 percent, the same as previously published.”

Some of the media reporting was just factually inaccurate. In commenting on “exports and imports,” [MarketWatch said](#), “Chronically high U.S. trade deficits haven’t looked all that different during the pandemic but it’s mostly a statistical illusion. Imports have plunged — but so have American exports.”

The problem with that statistic is that, as *The New American* reported on Wednesday, the Department of Commerce said that exports jumped from \$90 billion in May to more than \$102 billion in June, a 14-percent increase in a single month. “This had,” we reported, “the effect of reducing the trade deficit by six percent and adding that amount to [U.S. GDP].”

The best antidote is not to take the mainstream media’s dismal view of the economy seriously. They have an agenda, and they are making the most of it by avoiding the good news buried in the BEA’s “advance” report released on Thursday.

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