

Wall Street adviser: Actual unemployment is 37.2%, 'misery index' worst in 40 years

BY PAUL BEDARD | JANUARY 21, 2014 AT 1:08 PM

Don't believe the happy talk coming out of the White House, Federal Reserve and Treasury Department when it comes to the real unemployment rate and the true "Misery Index." Because, according to an influential Wall Street advisor, the figures are a fraud.

In a memo to clients provided to Secrets, David John Marotta calculates the actual unemployment rate of those not working at a sky-high 37.2 percent, not the 6.7 percent advertised by the Fed, and the Misery Index at over 14, not the 8 claimed by the government.

Marotta, who recently advised those worried about an imploding economy to get a gun, said that the government isn't being honest in how it calculates those out of the workforce or inflation, the two numbers used to get the Misery Index figure.

"The unemployment rate only describes people who are currently working or looking for work," he said. That leaves out a ton more.

"Unemployment in its truest definition, meaning the portion of people who do not have any job, is 37.2 percent. This number obviously includes some people who are not or never plan to seek employment. But it does describe how many people are not able to, do not want to or cannot find a way to work. Policies that remove the barriers to employment, thus decreasing this number, are obviously beneficial," he and colleague Megan Russell in their new investors note from their offices in Charlottesville, Va.

They added that "officially-reported unemployment numbers decrease when enough time passes to discourage the unemployed from looking for work. A decrease is not necessarily beneficial; an increase is clearly detrimental."

Then there is the Misery Index, which is a calculation based in inflation and unemployment, both numbers the duo say are underscored by the government. He said that the Index doesn't properly calculate how Uncle Sam is propping up the economy with bond purchases and other actions.

"These tricks, along with a host of other dubious accounting schemes, underreport inflation by about 3 percent," they wrote, adding that the official inflation rate is just 1.24 percent.

"Today, the Misery Index would be 7.54 using official numbers," they wrote. But if calculations tabulating the full national unemployment including discouraged workers, which is 10.2 percent, and the historical method of calculating inflation, which is now 4.5 percent, "the current misery index is closer to 14.7, worse even than during the Ford administration."

Paul Bedard, the Washington Examiner's "Washington Secrets" columnist, can be contacted at pbedard@washingtonexaminer.com.

Web URL: <http://washingtonexaminer.com/article/2542604>