



Steve Lonegan: 'We Are Leaning Into Another Recession'

By Dan Weil

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Things aren't looking up for the economy, and the Federal Reserve isn't helping matters, Steve Lonegan, former mayor of Bogota, N.J., and now directory of monetary policy for American Principles in Action, told [Newsmax TV](#).

"We are leaning into another recession. Wall Street is booming today, but we all know that's not going to last," he told "America's Forum" on Newsmax TV. "The question is how are we going to deal with it?"

Fed Chair Janet Yellen should meet with conservative groups like the CATO Institute, The Heritage Foundation and American Principles in Action to discuss ideas on future economic prosperity, Lonegan argued. She has met with liberal groups, but not conservatives, he said.

He thinks a return to the gold standard would be helpful. "What we need is a sound currency that everyone can believe in," Lonegan asserted.

"If you look at the average household income of Americans from World War II to 1971, when Richard Nixon ended the sound monetary policy of the gold standard, everyone benefitted. You had the golden age of the middle-income wage earner."

Average income for everyone rose 85 percent from 1948 until 1971, Lonegan noted.

"Since 1971 until now we've seen a widening income gap, and we've seen the wages and the incomes of lower-income wage earners remain stagnant."

Average hourly wages rose only 2.1 percent in the 12 months through November.

The Fed treats wage gains for lower- and middle-income workers as inflation, Lonegan explained. "That's not inflation, that's prosperity, where we want to see a sound dollar."

Yellen's statement this week that the Fed is unlikely to raise interest rates until at least April will likely push major stock indices up to record highs again this month, he predicted.

"Right there is the problem — that the statements of one single, central banker can have so much influence on our financial markets," he said. "When you're working in an economy where the statements of one person can have so much impact, that's a dangerous area to be in."

So where should the policy focus lie?

"At the heart of this is still an underlying issue that we cannot ignore and that is that the wages of the average income household in this country, low-income Americans, is staying stagnant," Lonegan noted.

As for the economy, "we had one good month of reports, that's not a trend," Lonegan said. "We're continuing to see a widening income gap. You still have fundamental issues here."

The Pew Research Center recently reported that the wealth gap between the upper class and the middle class and the gap between the upper class and lower class have risen to record highs.