

FORUM

The Real Deal on Recession



Dr. Julianne Malveaux
Guest Columnist

Is our economy in a recession or not? And does it matter if the material conditions of many Americans have worsened, especially this year?

The squabbling among economists - which is partly a result of the fact that different people use different definitions to define recessions - offers little comfort to the consumer trying to make ends meet.

Technically, a recession is a contraction in the business cycle. One definition says that GDP (gross domestic product) growth has to be negative two or more quarters in a row to declare a recession. But another definition says that when economic activity declines, or when indicators like unemployment, income, sales, construction, and production go down, we are in a recession. If the second definition is used, despite positive (but decreased) GDP growth, we are in a recession. And if things continue, we may be talking depression.

The economy is like an aging boxer taking body blows from an agile newcomer. There is rarely a headline that favors this economy: Construction is down, unemployment is up, inflation is up, GDP is growing at around 2 percent, there is a foreclosure crisis, a credit crisis, an energy crisis, food prices up by 5 percent this year and gasoline prices up by more than 20 percent. Does that sound like a recession or what? And if it doesn't, what should we call it? Economic hard times?



To be sure, there are a few consumers who are living their lives like it's golden. There are a few consumers who don't have to worry about the contractions in the business cycle because they are profiteering. There are Fortune 500 CEOs who will lose their job and get a seven or eight figure package to gild their exit. And then there are people who are being laid off and being told to go see if they qualify for unemployment.

Meanwhile, our economy is shedding jobs, generating fewer jobs every month this year. And hundreds of thousands of Americans, despite

helping legislation, fear that they may lose their homes due to foreclosure. The conversation that economists should be having ought to be about how to get out of this mess, not what to call it.

Some legislators think the only way to go is to continue the Bush tax cuts, though those cuts have not done anything for anybody until now. Others would offer incentives and stimulus, but so broadly distributed that those who need the most help won't get it. Too many are shackled by the short run, and they need to dig in for the long haul. In other words, a stimulus package that includes K-12 school

construction, subsidies for higher education, especially HBCUs (yes, I'm self-interested here), and a job training program for those inner city folks who are stuck at the periphery of the economy makes sense. Well-meaning legislators never quite get around to suggesting these kinds of stimulus measures because some believe that their colleagues won't support help to the most needy.

If we look at the poor, at inner city folk, at people of color, at immigrants, at the people who lack health insurance, housing assurance, food security, and employment possibilities, we find a group of people who are so much more distressed than the average American that it is frightening.

To be sure, this economy is kicking lots of folks to the curb, but there are some who have no curb, even, to be kicked to. Congress has recessed without paying special attention to the most impoverished among us.

And economists are debating recession.

While the news cycle seems obsessed with political trivia (who cares about Paris Hilton), there are real stories that should be told about ways people are managing the economy.

What can we say about the renter whose bills are up thanks to an increase in energy prices? Or the laid off worker who has to hit pension funds to make ends meet? Few want to tell these stories because people are more interested in gossip than economic news. Especially when it's bad news. Recession, anyone?

Julianne Malveaux is an economist and president of Bennett College for Women. She can be reached at presoffice@bennett.edu.

We Are Making History



Marc Morial
Guest Columnist

The 2008 National Urban League annual conference is now history. But, as our chairman, John D. Hofmeister, so eloquently put it, we were in Orlando from July 30 to August 2 to make history and we did.

Several thousand attendees from every corner of this country joined with us to renew our commitment to the movement, develop new strategies for the 21st century, and challenge the current Administration and the presumptive presidential nominees to make the development of an urban agenda a top national priority.

We did it with an impressive array of plenary sessions and workshops which explored the wide range of issues pertinent to urban America - from the loss of jobs, to the mortgage foreclosure crisis, to the dire condition of public education, to

the special challenges facing African American women.

I want to personally thank everyone who attended the conference, especially Senators John McCain and Barack Obama. Both presidential candidates devoted extensive time sharing their views about how they would move the country forward during the next four years. They also took some tough questions and engaged in a dialogue with us about the needs and importance of urban America.

I am happy to report that while we never endorse political candidates, both Senators McCain and Obama endorsed the National Urban League and the objectives of our Opportunity Compact.

The Compact is a comprehensive set of principles and policy recommendations designed to empower all Americans to be full participants in the economic and social mainstream of this nation. The four cornerstones of the Opportunity Compact are: Thrive, Earn, Own and Prosper.

While both candidates impressed the Urban League audience with their commit-



Chairman Hofmeister

ment to build a stronger America, it was clear that they have very different views about how to get there.

They both agreed that fixing our broken public education system is key to healing what ails our cities. But, Senator McCain touted the benefits of private school vouchers while Senator Obama argued that rather than using public money for private education, we need to

demand more resources and more accountability for public schools. Senator Obama supports targeted use of Affirmative Action, while Senator McCain objects to what he calls "quotas."

One of their biggest divides is over war spending. Senator Obama argued that the tens of millions of dollars we are spending on the war in Iraq could be best spent here at home improving our schools, rebuilding our infrastructure and creating "green" jobs. Senator McCain insisted that the surge, which he supported, has reduced casualties and given the United States the best chance for victory. There is so much more I want to tell you about the 2008 National Urban League conference. Fortunately, much of it, including the full speeches and dialogues with Senators McCain and Obama are now available via web cast at www.NUL.org. The conference proceedings and the dialogue with the candidates will be a valuable tool as you make your voting decisions this November.

Marc H. Morial is president and CEO of the National Urban League.

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