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OP-ED COLUMNIST

## **Recession? What Recession?**

By **BOB HERBERT**

If it looks like a recession and feels like a recession ...

“Quite frankly,” said Senator Charles Schumer, peering over his glasses at the Fed chairman, Ben Bernanke, “I think we are at a moment of economic crisis, stemming from four key areas: falling housing prices, lack of confidence in creditworthiness, the weak dollar and high oil prices.”

He asked Mr. Bernanke, at a Congressional hearing Thursday, if we were headed toward a recession.

An aide handed the chairman his dancing shoes, and Mr. Bernanke executed a flawless version of the Washington waffle. He said: “Our forecast is for moderate, but positive, growth going forward.” He said: “Economists are extremely bad at predicting turning points, and we don’t pretend to be any better.” He said: “We have not calculated the probability of recession, and I wouldn’t want to offer that today.”

With all due respect to the chairman, he would see the recession that so many others are feeling if he would only open his eyes. While Mr. Bernanke and others are waiting for the official diagnosis (a decline in the gross domestic product for two successive quarters), the disease is spreading and has been spreading for some time.

The evidence is all around us. Representative Elijah Cummings of Maryland told Mr. Bernanke that many members of Congress are holding forums in their districts “to help people who are coming to our doors, literally with tears in their eyes, and trying to figure out how they’re going to manage a foreclosure that’s right around the corner.”

The housing meltdown is getting the attention, but there’s so much more. Bankruptcies and homelessness are on the rise. The job market has been weak for years. The auto industry is in trouble. The cost of food, gasoline and home heating oil are soaring at a time when millions of Americans are managing to make it from one month to another solely by the grace of their credit cards.

The country has been in denial for years about the economic reality facing American families. That grim reality has been masked by the flimflammy of official statistics (job growth good, inflation low) and the muscular magic of the American way of debt: mortgages on top of mortgages, pyramiding student loans and an opiatelike addiction to credit cards at rates that used to get people locked up for loan-sharking.

The big story out of Mr. Bernanke’s appearance before the Joint Economic Committee was his prediction that the economy was likely to worsen. Only the people still trapped in denial could have believed otherwise.

This is what Representative Maurice Hinchey of upstate New York told the chairman:

“This economy is not doing well. And the example of the mortgage closures on 2 million people — and maybe a lot more than that as time goes on — is really not the cause of the economic problem we’re facing, but it’s just a factor of it. It’s a factor of the weakness of this economy.”

In an interview after the hearing, Representative Hinchey discussed the disconnect between official government reports and the reality facing working families. He noted that the unemployment rate does not include workers who have become so discouraged that they’ve given up looking for a job.

And the most popular measure of inflation, the Consumer Price Index, does not include the cost of energy or food, “the two most significant aspects of the increased cost of living for the American people.”

The elite honchos in Washington and their courtiers in the news media are all but completely out of touch with the daily struggle of working families. Thirty-seven million Americans live in poverty and close to 60 million others are just a notch above the official poverty line.

An illness, an auto accident, the loss of a job — almost anything can knock them off their rickety economic perch.

We hear over and over that consumer spending accounts for 70 percent of the gross domestic product, but we seldom hear about the frightening number of Americans who are trying desperately to maintain a working-class or middle-class style of life while descending into a sinkhole of debt.

“We have an economy that is based on increased debt,” said Mr. Hinchey. “The national debt is now slightly above \$9 trillion, and ordinary working people are finding that they have to borrow more and more to maintain their standard of living.”

“The average now is that people are spending close to 10 percent more than they earn every month. Obviously, that can’t be sustained.”

The chickens of our denial are coming home to roost with a vengeance. Meanwhile, the elites are scouring the landscape for signs of a recession.

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