

CHAPTER 8

We're In a Recession!

We live in a land of euphemism, of changing labels so as to prettify or whitewash the harsh features of reality. And so, undertakers have become morticians, real estate agents have become realtors, press agents have turned into public relations counsel, and even rat catchers have been transformed into exterminating engineers. So has it been with the harsh features of our economic reality.

Down to the late 1930s, when the economy turned downward and economic activity slackened, all economists called such periods *depressions* — and the public knew that, whether the periods of contraction be mild or severe, they were *depressions*. Period. But then, when the patent medicine nostrums peddled by the New Deal to end the depression of the early 1930s led only to another severe crisis in 1937, the Brain Trusters of the New Deal decided that if they could not fix up reality, they could at least juggle its labels. And so *depression* miraculously became *recession*. Depressions were henceforth banished from the land, never to return — by definition. From now on, every economic contraction was to be called by the much milder name of *recession*.

The result was that while depressions were magically banished, we began to suffer a whole series of recessions, dips that seemed suspiciously like the obsolete depressions: in 1948, 1953, 1957, and 1960. After the

lengthy boom from 1961 to 1966, one of the longest in American history, our economic managers began to trumpet the idea that recessions, as well as depressions, were a thing of the past, victims of the “fine tuning” management of the wizard regulators and controllers of the New Economics. What a shock, then, when the economy began inexorably to dip and contract again toward the end of 1966! Was reality again about to destroy the cherished vaunting of the nation’s Brain Trusters?

But no! Lo and behold! Euphemism and name-juggling came once again to the rescue. *Recession*, too, appears to have been banished by definition. Our economic pundits could not deny that their own statistics revealed a considerable downturn in the economy: in housing and construction, in corporate profits, in capital good investments and industrial production — in short, in all the accepted indicators of what is happening in the economy. But this contraction has not, heaven forbid, been called by the term “recession,” which is now too harsh for American consumption. We have suffered, since late 1966, from a “rolling readjustment,” a “side-wise movement,” or “a pause” — depending on which expert you read. But don’t let them kid you: we’re in a solid, old-fashioned *recession* — if not depression — though obviously not a particularly severe one. It is possible that when, as seems likely, we pull out of the recession toward the end of this year, the nation’s economists and managers will admit that we *were* in a recession — but that *now* things are fine and getting ever better. Or, it’s even more likely that the word recession will be quietly buried forevermore. So now we have to worry about “pauses” or “readjustments.”

The best way to beat this flim-flam is in the spirit of the angry boy in the old *New Yorker* cartoon: The mother pleads with the boy: “Eat your broccoli, dear.” To which the lad replies: “I say it’s spinach, and I say to hell with it!”