

February 2010  
Half Full

I subscribe to the notion that, with respect to our economy, the glass is half full. It's only reasonable to ask: Full of what? Economic growth scored an impressive 5.7% rise for the 4th quarter. That's two quarters of growth, and we may declare the recession over. We like that. We like that the stock markets have risen (although January was not jubilant). Like an icy breeze beneath our scarf, however, two matters chill our optimism: the federal government has taken on an utterly horrific amount of debt (as have, in different ways, most state governments); and there are no jobs for the large number of folks who need them.

The government is the only jobs-creating entity just now. No fan of big government, I worry that such jobs make no significant or long-term impact on the general economy. It's an illusion to think otherwise. Those who have so-called stimulus jobs can look far enough down the road to see the end of them. At the same time, job growth that is nothing more than additional jobs in government means almost nothing in terms of productivity. As of last month, there are more people employed by the government than in the manufacturing sector of the economy. How healthy can that be?

Debt (made only worse by such job growth) is a massive problem. Consider a typical household budget. Before the recession, if you were bumping along with two wage earners and a manageable amount of debt in mortgage payments, credit cards, a couple of cars, everything was fine. Suddenly, just before home prices plummet, you triple the mortgage debt by purchasing a vacation home, and one of you gets fired. How to make the payments? Compare this scenario to the current national debt and income picture: smooth sailing ca. 2000; then we engage in two wars with no steps to pay for them; then the economy goes over the cliff. Bailout and stimulus spending, essential as they may have been, increased our debt load while income (tax revenues) dropped because so many people lost their jobs. It is a problem for which no quick solution exists. We must endorse continued stimulus efforts until we feel confident enough to start spending discretionary money again. That's money beyond the bare necessities, money to spend on things that brighten our lives—going out to dinner now and then or a movie, that sort of thing. We may hope the cost of the wars will start to come down in a year or so. Until it does, the cost is going up not down.

So, why does the glass look half full to me, rather than half empty? We Americans—and others—use many terms to describe ourselves. 'Wimp' is not one of them. 'Quitter' is not one of them. For every smack-down, there's a get-up. I'm not doing some Little Orphan Annie routine here. Look at the record. Our system works. Things may get still worse before they get better. Then they'll get better.