

Recession natural, nothing to fear

In the classic science fiction story *Nightfall*, Isaac Asimov described a world thrown into turmoil by the coming of night. Their excuse was that this phenomena — which occurs so regularly on Earth — occurs on their planet only once every fifty thousand years or so.

Such a twist is typical of the genre and useful in that it allows the reader to look at commonplace events in a new light. A writer would find it much more difficult to convince us that a civilization was terrified of the dark if it happened every day.

Why then do people speak with trembling voice of a coming recession? A recession is as much a part of our economic season as winter is a part of our environmental season. One can no more “prevent” a recession than one can stop the falling of the rain or the rising of the sun.

So a recession is natural, expected and even to be welcomed. We’ve been on a bit of a consumer binge lately and a recession would be just the thing. The tail end of the longest economic expansion in post-war history is the one and perhaps only time people can feel we’re due for a recession and not cringe at its approach.

On a personal level, people are already preparing. Consumer savings have gone up significantly in the last few months and this Christmas season won’t be quite as robust as store owners might have hoped for.

On a national level, one doesn’t prepare for a recession so much as try to mitigate its severity and length

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of stay. An expected recession can balance the books and snap complacent companies back into shape.

But a long, cold recession is no more desirable than an unhealthy extension of an economic expansion. Several steps can be taken to avoid exacerbating what is by nature an unpleasant experience.

For example, don’t raise taxes. Politically, Congress will force Bush to include some sort of “enhancement” in the budget, be it an alcohol, cigarette or gasoline tax. But his much vaunted pledge to protect the Reagan cutbacks on personal and corporate taxes should be maintained. Don’t shrink the money supply. This would slow investment and unnecessarily delay an economic upturn.

Most importantly, don’t increase government spending. Given the huge deficits, this seems like an unnecessary warning. But many economists think the role of government is to prod a sluggish economy and “spend our way” out of a recession.

This has never worked before, it wouldn’t work now and the political climate means that — for once — economists won’t be allowed to try and engineer their way past a natural event. Just throw another Keynesian on the fire and wait for spring to arrive.

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