

Marketplace

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Name this recession

One day, hopefully sooner rather than later, we'll look back at this time in history of economic troubles and call it... something. Commentator Justin Wolfers offers a few suggestions.



Justin Wolfers (Wharton School, Univ. of Pennsylvania)

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TEXT OF COMMENTARY

BOB MOON: The world is going through a lot of changes right now: some temporary, some not and some who knows? We talked earlier about all ways the government's trying to fix all the trouble we're in. But when we get to the other side of these difficult times, and we will, what will we call this situation -- this period in history? Commentator and economist Justin Wolfers has been looking for an answer.

JUSTIN WOLFERS: The pundits are calling it a "financial crisis." But the economy has been bad enough for long enough that we can't keep labeling it a crisis. Officially it's a recession. But recessions are typically short and mild, and we've already been in this recession for over a year. Still, things aren't as bad as they were in the 1930s, so we can't call it a depression.

So what should we call it? I asked a bunch of economists, and got some great ideas. David Clingingsmith, from Case Western noted that in 1930, "Keynes used the term 'Great Slump'." The only downside? It's "not very poetic, especially for him."

My Wharton colleague, Jeremy Tobacman, was more dramatic, suggesting we call it "The Decline and Fall," which hints at the financial empires that were built on paper and false promises. He's referencing "The History of the Decline and Fall of the Roman Empire," which attributes the empire's decay to the ruinous sloth brought on by years of success. The empire fell when Romans outsourced their defense to mercenaries. Replace the mercenaries with the ratings agencies, and you have the whole story.

My significant other, economist Betsey Stevenson, suggests we call it "The Great Correction," to reflect both the cause of the downturn, and its magnitude. But "correction" suggests that we are reverting to the "correct" level of activity. There are just too many people out of work for any of this to be correct. But Professor Stevenson says she means the great correction as a request: it's time to "correct" lax regulation. If this was the cause, maybe we should call it "The Great Deception," instead.

Perhaps the best idea comes from Doireann Fitzgerald, an Irish economist at Stanford. She suggests we call it a "Clump," short for credit slump; or a "Flump," which denotes a financial slump. As she said, "Flump has a pleasing whiff of incompetence about it." This language lays bare the ineptitude of policymakers, who failed to recognize a clump of flumps.

So, let's keep our fingers crossed that soon enough this incompetence will end, and the economy will emerge from its terrible, ah, what do we call it? Flump.

MOON: Justin Wolfers teaches business and public policy at the University of Pennsylvania's Wharton School.

COMMENTS

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By Mike Goodrich
From Birmingham, AL, 03/31/2009

The Great Mess of 08

By Jamie Barmettler
From Vancouver, WA, 03/24/2009

I call it "The Bushwacked Economy"

By Vijay Prashad
From Hartford, CT, 03/24/2009

Why not just call it what it is: capitalism....prone to crisis.

By Sheila Moore
From Belmont, CA, 03/24/2009

I'm sure it's too politically incorrect to be the official name, but I think of this problem as the Manic Depression -- the big depression that typically follows a manic spending spree.

By Dorothy Berndt
From Berkeley, CA, 03/24/2009

I think we should call it the "Great Digestion" - the period in our economic history when the Too Big to Fail Institutions devoured the rest of us. I hope they get the Great Indigestion!!!!

By Vivian Galligan
From bloomington, IN, 03/24/2009

Name the recession? I named it months ago! It's the Greater Depression. Everything surrounding the Baby Boomers is bigger and better than what went before - the Great Depression of our parents and grandparents - pfff - we're suffering through the Greater Depression and we have hardly begun to feel its impact.

By Sal Troiano
From Orlando, FL, 03/24/2009

A simple one-word name doesn't do the present event justice. This ranks up there with the big ones, such as the Panics of 1893 and 1907. Historians and economists should view this from the same perspective that previous events, resulting in "trust busting", etc. have resulted in. I think it should be called "THE GREAT BANK PANIC OF 2008".

By Susan Johnson
03/24/2009

I've decided to call it the Not So Great Depression.

By Faye Wadsworth
From Dallas, TX, 03/23/2009

Pu-leez! It's a "downturn" - we don't know yet when it will turn the other direction. Where have Wolfers and the others at Wharton been? Why haven't they changed the way economics, business ethics and cycles are taught at America's top b-schools? After all the minions of Wall Street come from these b-schools. It's disturbing that our brightest and best professors can't even name what's happening. Where were they when warnings needed to be sounded about derivatives and such?? Please air a story about one of our top b-schools who tried to be a voice in the wind calling for reason and prudence.

By Mike Sis

From Brooklyn Park, MN, 03/23/2009

I suggest it be called a regression -- not only does that seem to blend recession and depression, but it's dictionary definition fits as well:

1. the act of going back to a previous place or state; return or reversion.
2. retrogradation; retrogression.

In terms of the stock markets, we've gone back 10+ years.

In terms of consumer habits, many have gone back to saving instead of spending and indebtedness (back 20 or 30 years?).

In terms of government policies, we've returned to the 30s.

And most of our 401ks have practically returned to the point where they started -- \$0.

Yes, in so many ways, "Regression" seems to fit.

By Jon W.

From brooklyn, NY, 03/22/2009

"The Great Humble"- only because it's been bumping around in my head like a bad song from a supermarket.

By Tim Gruner

From Mill Creek, WA, 03/20/2009

The Great HANGOVER. A bit like the beach house after the college kids have gone back to school in the fall. There was definitely a lot of people enjoying a pretty big, extravagant bash all summer long, but now that all the liquor and food is gone, the place is a bit trashed, a few windows are broken, the couch smells something awful and noone can figure out who threw up in the bathroom or set the cot on fire and the landlord has just a bounced deposit check to show for it.

By Bill Velasquez

From Albuquerque, NM, 03/20/2009

What's wrong with the Cheech and Chong word for it?

Repression

By Rick Liftig

From West Hartford, CT, 03/20/2009

What else but the GWOD? "Global War on Deflation"

By Harriet Mendlowitz

03/20/2009

How about "The Great Contraction," or "The Great Contraction & Retraction." Another interesting possibility: "The Great Devolution." If you want to inject politics, it could be "The Great Conservative Devolution."

I'm also partial to "The Abyss That Keeps on Giving," or simply "The Black Hole."

By Bill Wilson

From VA, 03/20/2009

How about a combination recession followed by Obama policies which combined to form Ob-ression.

By Val Vogel

From Lutchter, LA, 03/20/2009

"The Great Recession" as Mr.Barnes, above, suggests. Or, trying to find 'clever', what about "Deep Dip" or even "Bush-era Bust"?

By Evan Weiss

From St. Louis, MO, 03/19/2009

Since we seem to be in something more than a recession and not quite a depression, I think we should call this a "repression". Not only does the term suggest that halfway mark between recession and depression, it also suggests the repression of our collective pursuit of happiness. Furthermore, it has a semantic hint of culpability. It is indicative of the misfortune we are all suffering as a result of Wall Street's packaging of creative financial products; the encouragement by lenders for home-buyers to expose themselves to excessive risk; the ineptitude of Washington to regulate these markets; and our own over-leveraging of extravagant, SUV-driving, Starbucks-drinking lifestyles. The best part about using the term "repression" as the nomenclature to describe our current economic troubles, is that it can also be used to diagnose the mental state that results from living through these difficult times. Repressed: suffering a mental illness brought about by economic repression, with symptoms that include anxiety about the future, feelings of helplessness, and a physical inability to check the status of one's portfolio coupled with an addictive compulsion to watch every up-swing and down-swing of the stock market. But despite or repression, we can cling to that one last silver lining to this

dark cloud...we are not (yet) in a full-fledged depression.

By Will Kherbek
From Kansas City, KS, 03/19/2009

With a nod to The Flaming Lips (and The Doors), perhaps "The Soft Depression" is a worthy choice. Consider, the per se US recession may only be a little over four months old, but the international "credit crisis" is more than a year in progress and shows no signs of lifting in the short term, even if 30s style Armageddon never fully arrives. The credit crisis, it should be noted, was preceded in the US by the "jobless recovery" from the last recession-let ca 2004. It's been a long period of world-wide economic malaise that never quite reaches the bottom but never quite surfaces either.

Nick Cave fans might prefer "The Big Hurt". "The Boyg" is also a sadly appropos option for Ibsen/Greig fans.

By david rigby
From winston-salem, NC, 03/19/2009

Using the word "crisis" shows a lack of clarity on cause and effect. Crisis implies this situation can be fixed quickly, but the underlying cause is based in 4 decades of mismanagement in the federal budget. The fix will take years, not months.

Maybe it will be the Economic Awakening, but only if we learn from our mistakes.

By Larry Barnes
From Gouldsboro, ME, 03/19/2009

I suggest our current state of the economy be called "The Great Recession."

By robert Rosenbaum
From Emeryville, CA, 03/19/2009

I enjoyed Justin Wolfers story on naming our current economic dilemma, and agree we have gone too long for "recession" but have not, thankfully, slid into depression (yet).

Words like "flump" or "clump," though, simply sound too brief and too comical to capture the current miseries and moods. I suggest, instead, "decession." With a soft "c", the sound suggests we desist from past unhealth practices; viewed on the page, a hard "c" suggests decline. And of course, the word comes close to depression, but veers away from it at its pivot point. Let's hope the economy does the same, and decession does not evolve into its most radical evocative: "deceased."

By Jim Frauen
From Dade City, FL, 03/19/2009

Your commentary almost got there, but you missed the mark a little. You correctly stated that we aren't quite in a depression and a recession is too short term of a description for our current situation. I submit "The Great Decession" as the appropriate name for our current economic crisis. Please let me know if I have won the million dollar prize, I could certainly use it! Jim.

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