



Recession or Recovery: Symptoms and Salves

Treasury Secretary Timothy Geithner's assurance that the Great Recession is over will undoubtedly convince many Americans that relief is on the way and that they can loosen their belts and get back to business.

There is inarguably a sort of "lo, here" "lo, there" neck twisting conflict of indicators echoing throughout the media. Secretary Geithner says things are good and getting better, while various economic signs point to higher inflation, higher unemployment, and lower consumer confidence in government and its ability to manage the current crisis.



Perhaps the clouds are breaking and the streaks of the sunshine of recovery can be seen on the horizon, or perhaps the view is an illusion manufactured by the government to shield its ongoing scheme to precipitate the complete annihilation of the American economic system. Each side has its advocates.

The debate, however, may be no more than academic in light of very disturbing statistical markers that forecast darker days on the horizon for the United States and its economic vitality.

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For example, the [report of a study](#) conducted by the Pew Research Center reveals that a quarter of the long-term unemployed are using credit cards to meet the basic needs of their families. This will have the deleterious effect of further inflating the debt bubble that is already stretched to the point of bursting.

There are at least [1.4 million Americans](#) who have been unemployed for more than 99 weeks and will not receive unemployment checks. While there is no constitutional grant of authority to Congress to pay unemployment "benefits," the carrot is cleverly dangled in the face of most Americans who hungrily grab for the promised sustenance, not realizing that the stick of socialism is the reward for their trust.

While the American economy is reportedly scraping by, China's trade surplus is skyrocketing. The [numbers](#) from June indicate a growth of \$20.02 billion, after posting a similarly impressive gain of \$19.5 billion in May. The relevant question, however, is not why China's trade surplus is expanding, but who is benefiting from the growth. According to researchers at the University of California at Irvine who conducted a case study of Apple's iPod to examine which countries captured the most economic value from iPod production, only four dollars of the \$300 price tag was retained in China, with the bulk going to the designers, retailers and component suppliers.

Foreclosures in the first half of 2010 totaled 1,654,634 according to figures published by RealtyTrac.com. Add to that the report from the Mortgage Bankers Association that demand for home loans is at a 13-year low. Regardless of the provenance of the disaster, whether manufactured and manipulated by the government or not, the middle class is being dispossessed of their homes and are being forced to rent as their increasing reliance on credit to bridge the gap between paychecks and make up for the rising cost of living is preventing them from obtaining the mortgage loans necessary to



Written by [Joe Wolverton, II, J.D.](#) on August 5, 2010

buy a home.

Finally, the repeated cycle of assurances and warnings from government officials is taking its toll on the trust Americans have in their elected officials. A side effect of the dizziness that accompanies the spinning and spiraling of the economy and the prognosis for its recovery or continued decline is the confusion about just who “the government” is and exactly what role they do and should play in the financial well-being of the governed.

The results of a telephone survey conducted in February by the [Rasmussen Report](#) quantify the electorate’s vote of no confidence in its government:

The founding document of the United States, the Declaration of Independence, states that governments derive “their just powers from the consent of the governed.” Today, however, just 21% of voters nationwide believe that the federal government enjoys the consent of the governed.

Whence comes this sense of the widening breach between the governed and the government they elect to represent them? A clue may be found in the fact that the bottom 40 percent of all wage earners in the United States collectively owns less than 1 percent of our nation’s wealth. We, the People, are squinting and noticing that the slope is only slippery on one side and that the powerful are building temples to affluence on the scree that was once the mighty bulwark of American economic might — the middle class.

Again, the remarkable farsightedness of James Madison is demonstrated on this point:

The house of representatives ... can make no law which will not have its full operation on themselves and their friends, as well as the great mass of society. This has always been deemed one of the strongest bonds by which human policy can connect the rulers and the people together. It creates between them that communion of interest, and sympathy of sentiments, of which few governments have furnished examples; but without which every government degenerates into tyranny. [*The Federalist*, No. 57]

Have we come to the moment in the history of our Republic where the people believe “that the representatives of the nation have elevated the few on the ruins of the many?” (Ibid.)

The prescriptions offered to cure the nation of the feverish malady under which it is bent low are nearly without number. The government responds to corporate malfeasance with bailouts and to individual misfortune with an offer of bankruptcy. The executive and legislative branches form a joint venture and take ownership of auto manufacturers and set the new entity up as the arbiter of health and welfare. Americans are relieved of the niggling responsibility of deciding for themselves what is most beneficial to themselves and their families. The government has shown them a more perfect way.

To be sure, in none of the marbled halls of the mansions of officialdom is it ever even whispered that we should hold our noses (if we can take them away from the grindstone long enough) and ingest the astringent tincture of adherence to constitutional limits on government, the recipe for which is found in the articles of our founding charter.

Photo of Timothy Geithner: AP Images



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