

Optics Journal: Editorial

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Is the recession over?

Late in 2007 I noticed that the Dow Jones (at around 14000) had entered a *saturation* phase. Thus I proceeded to withdraw all my assets from the market and relocated them on conservative and secure alternatives. Early in 2008 I wrote a couple of comments on what I perceived to be worrisome signs from the market. Next, I became part of an enlighten minority that escaped the financial debacle that followed late in 2008. Today, although the Dow has recovered nicely it is still about 13% below its peak value of late 2007. Now, the bulls again appear to be running out of steam. Then, the relevant questions become: what are the factors stimulating the Dow? Are we in a sustainable recovery? Many noted economists say we are. Others are not so sure and point to QEI and QEII as important factors in the upswing of the market.

According to Gallup, the January 2011 unemployment for the US was 9.8% whilst the underemployment figure was 18.9%. We also know that according to recent figures, 27% of home owners are “under water.” In other words, the debt associated to those properties is higher than the market value of the properties. Hence, it might be fair to conclude that the *new good fortunes* of Wall Street have not been distributed to the American population at large. To this we should add that the 15×10^{12} dollar US debt now equals the GDP of the entire the nation. The recent focus on the nation’s debt is surely to result in cuts in government expending some of which will result in further unemployment, at least in the short term. This is a bleak picture even if we ignore an incipient, and yet predicted, inflation that might well grow to become a significant added pain for Americans. However, even in the present circumstances there are clear opportunities for the sceptical, and critical, thinker. Such is the beauty of capitalism.

This recession is the most severe downturn in the US economy since the great depression. And the evidence indicates that it is not over. In the long run, however, recessions always end. The question is the timing of the end. If history is any guide, scientist, engineers, and entrepreneurs should play a critical role –if the system allows them– in the renewal of the American economy. And *optics* should be at the vanguard of this coming renewal.

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