



EDITORIALS / OPINION



60°F
Weather | Traffic

- Home
- Local
- Nation/World
- Business/Tech
- Sports
- Entertainment
- Living
- Travel/Outdoors
- Opinion

- Jobs
- Autos
- Rentals
- Real Estate
- NWsource

[Advanced search](#)

[Movies](#) | [Restaurants](#) | [Today's events](#)

[Your account](#) | [Log in](#) | [Contact us](#)

Wednesday, September 12, 2007 - Page updated at 02:03 AM

[E-mail article](#) [Print view](#) Share: [Digg](#) [Newsvine](#)

Froma Harrop / Syndicated columnist

The party's over for American consumers

By Froma Harrop
Syndicated columnist

The new numbers on consumer confidence are out. They show American consumers very confident that the economy is going down the tubes.

Over in Asia and Europe, stocks plunged on fears that Americans may no longer be able to find the second jobs and recklessly borrow the money needed to buy imported stuff. Economists now freely use the "recession" word following the report that American payrolls fell in August, the first monthly decline in four years.

American consumers, in other words, are all dried up. And the discussion has begun on what kind of baloney economy kept them lubricated for so long.

More Opinion

["What type of culture needs a machine gun to kill a defenseless animal?"](#)

[Hedgebrook's gift of solitude](#)

[The party's over for American consumers](#)

[A creep at the beach with a camera — get the picture?](#)

[Salmon and dams can coexist on the Snake River](#)

["President Bush has perfected The Big Lie."](#)

Marketplace

NWautos New Car Giveaway

Enter to win a two-year lease on a 2007 Ford Mustang. Sell your car now - NWautos listings only \$2.50.

Enter Search
to new &
win used
Sell cars
your Top
car fuel-
efficient
vehicles

Most read

Most e-mailed

1. Porn star sought for WSU sorority sex assault
2. Seattle gets a glimpse of its transit future
3. M's need to go back to drawing board | Jerry Brewer
4. Ode to caffeine grounds out
5. "Halo 3" promos troubling | Brier Dudley
6. Female inmate, 51, dies in county jail | Local Digest
7. West Seattle High told it must return to six-period days
8. UW Football | Locker will try to learn from mistakes

Among the jobs to be lost in coming months are up to 12,000 positions at the giant mortgage lender Countrywide Financial Corp. Like other mortgage companies, Countrywide is having a hard time these days palming risky loans off on sucker investors. This means that they can only make prudent loans, which translates into less business.

Of course, some professions thrive in tough economic times. Business should be brisk for bankruptcy lawyers. And we will need auctioneers to help unload foreclosed properties.

There will also be growth in certain "niche" occupations, such as mosquito-control technician. It seems that swimming pools behind abandoned homes in Southern California are turning green, a sign of mosquito infestation. That is a health hazard. Thus, local governments are hiring mosquito-control technicians to fumigate.

And it's vindication time for the economists who've argued for years that expanding household debt is not a brilliant formula for national greatness. And they no longer have to counter the free-lunch theories — among them that a rising population will power the housing-bubble machine unto eternity, and that if you change accounting methods, American families don't seem so much over their heads in debt.

Paul Kasriel, chief economist at Northern Trust in Chicago, has been one of the lonely voices of despair over Americans' personal finances. Last week, his prophetic warnings were reviewed in The Wall Street Journal.

For example, Kasriel wrote in 2004 that inflated housing prices created only an "illusion" of national wealth. "In recent years," he said, "growth in our capital stock has slowed and the composition of the slower growth has moved in favor of McMansions and SUVs, which do little to increase the productive capacity of our economy."

The following year, Kasriel wrote another essay titled, "Households Still Running on Empty!" (The exclamation point is his.) In it, he challenged popular arguments that personal income has been underestimated because of the way contributions to private pension funds are counted. His bottom line was that household borrowing in recent years had risen relative to household spending, and that household spending represented a record 76 percent of gross domestic product.

Today's "partying," he said, would lead to tomorrow's "hangover."

So here we are: The partygoers have downed a bottle and still they can avoid a hangover.

A recent article on the Motley Fool's British Web site offered "Five Ways to Prepare for a Recession." The prescriptions: Don't make big luxury purchases you can't pay for with cash. Build an emergency fund. Live more frugally. Reduce your debt. Find more work.

9. [Federal Way man arrested after telling agents he lost his backpacks of cocaine](#)
10. [Should teachers be able to bring guns to school?](#)

All sound advice, but consumers had better act fast — like five years ago.

It looks as though Americans will have to find an honest way to pay for the high life. Or they can learn to be happy with what they've got, which, before the McMansions and SUVs, was still quite a lot.

But there's no avoiding reality. The green in the swimming pools is not the color of money, but of happy mosquitoes.

Providence Journal columnist *Froma Harrop's* column appears regularly on editorial pages of *The Times*. Her e-mail address is fharrop@projo.com

2007, The Providence Journal Co.

 [E-mail article](#)  [Print view](#)

[More opinion headlines...](#)

Site map

News

- [Home](#)
- [Local](#)
- [Nation/World](#)
- [Business/Tech](#)
- [Entertainment](#)
- [Living](#)
- [Travel/Outdoors](#)
- [Real Estate](#)
- [Sports](#)
- [Opinion](#)

Marketplace

- [Jobs](#)
- [Autos](#)
- [Homes](#)
- [Rentals](#)
- [Classifieds](#)
- [Shopping](#)
- [NWsource](#)
- [Personals](#)
- [Post an ad](#)

Services

- [Contact us](#)
- webmaster@seattletimes.com
- [Submit listings](#)
- [Send us news tips](#)
- [Newspapers in Education](#)

[Advanced search](#)

The Seattle Times Company

- [About the company](#)
- [Employment opportunities](#)
- [Seattle Times store](#)
- [Advertise with us](#)

Subscriber services

- [Home delivery](#)
- [Manage your account](#)

Membership

- [E-mail newsletters](#)
- [Sign up](#)
- [Already registered? Log in](#)

Other editions

- [News by e-mail](#)
- [Wireless services](#)
- [RSS feeds](#)
- [e-Edition](#)
- [Low-graphic](#)

[Privacy statement](#) | [Terms of service](#)
Copyright © 2007 The Seattle Times Company