Are We in a Recession or Not?

The answer to this question varies from economist to economist. Herein are two differing interpretations of current economic data.

A professor at Duke University’s Fuqua School of Business has developed a forecasting model that predicts the nation’s economy will grow 2.2% from now until the third quarter of 1991. Can this possibly be accurate in view of the world’s economic situation and the crisis in Kuwait?

Dr. Campbell Harvey has a proven track record in the economic forecasting game, having accurately predicted the 4.4% annualized growth rate following the stock market crash in October, 1987. In contrast, most economists were predicting a recession as a result of the stock market fiasco.

However, a very different point of view is offered by the Center for International Business Cycle Research (CIBCR) of Columbia University’s Graduate School of Business. CIBCR developed the Business Week Leading Index and the Long-Leading Index, both of which are down, signalling a possible recession. The Center’s Short-Leading Index rose in August, primarily as a signal of inflationary pressure stemming from the Persian Gulf situation. The Center anticipates slowing of the global economy in the coming months.