Buffett: We're Not Out Of The Recession Yet

OMAHA, Nebraska (AP) — Billionaire Warren Buffett says the economy remains in a recession, by his definition, because most people and businesses still aren't doing as well as they were before the financial crisis.

Buffett talked about the economy and his Berkshire Hathaway Inc. businesses in an interview that aired Thursday on CNBC.

Buffett's assessment of the economy contradicts the view of experts who announced this week that the recession officially ended in June 2009. But Buffett says he uses a commonsense standard to evaluate the economy.

"On any commonsense definition, the average American is below where he was before, or his family, in terms of real income, GDP," (gross domestic product) Buffett said on CNBC. "We're still in a recession. And we're not gonna be out of it for awhile, but we will get out of it."

In early 2008, Buffett was also one of the first to declare that a recession had begun based on his straightforward standard that most Americans were doing worse than they had before.

The technical definition of a recession most economists use is two consecutive quarters of negative growth in the nation's gross domestic product.

Buffett did not immediately respond to a request for an interview Thursday.

Buffett gets insight into the health of the economy through the performance of Berkshire's subsidiaries. Buffett's Omaha-based company owns clothing, insurance, railroad, furniture, utility, jewelry and corporate jet companies.

Buffett said Berkshire's businesses are improving but at a slow rate. He said Berkshire's Burlington Northern Santa Fe railroad, for instance, is probably doing better than many U.S. businesses, and it's only about 61 percent of the way back to its peak shipping volumes from the bottom of the recession.

And Berkshire's Shaw Carpet used to sell about 13 million yards of carpet a week. Buffett said that fell to about 7 million yards during the recession, so Shaw eliminated 6,500 jobs. Buffett said Shaw won't start hiring back until the business gets back to selling at least 10 million yards a week, and so far it's only selling about 9 million yards a week.

Buffett said he believes the U.S. economy will recover in time as all the government's efforts to stimulate activity combine with the regenerative capacity of American capitalism. He said the government is running a federal deficit equal to 9

percent of the nation's gross domestic product, which is providing quite a lot of stimulus.

"It doesn't depend on calling it the stimulus bill to be stimulating. I mean, if the government is spending $3 for every $2 it takes in, that is, that is fiscal stimulus," Buffett said.

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