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Bernanke Beams Optimism on Economy at Morehouse Address

Posted By [Aisha I. Jefferson](#) On April 15, 2009



Bernanke

Federal Reserve Chairman Ben Bernanke says he's "fundamentally optimistic" about the nation's economy, expressing confidence that the U.S. will pull itself out of its current financial rut during an address Tuesday at [Morehouse College](#) ^[1] in Atlanta.

While Bernanke says "recently we have seen tentative signs that the sharp decline in economic activity may be slowing," referring to recent data on home sales, residential building, consumer spending, including new motor vehicle sales, he admits "it's hard to forecast the economy now because it's hard to forecast how the financial crisis is going to evolve."

"Confidence is a key issue," Bernanke says, explaining being realistic and talking about long-term opportunities are important. It's been nearly two years since the housing market began its decline, sending a shockwave throughout the financial markets that worsened last fall when several major financial firms toppled or neared collapse. The problem has grown beyond the nation's borders, with Bernanke calling the current global financial crisis "very severe."

The Fed chief, who began by reading from a prepared speech that focused on the ongoing distress in financial markets and the global economic recession, spoke to students, faculty and staff members at Morehouse ([No. 3 on the 2008 B.E. Top 50 Colleges for African Americans list](#) ^[2]). Local business leaders, including former

Atlanta Mayor and United Nations Ambassador Andrew Young, were among the 350 people who attended the event, which was closed to the public.

In a question-and-answer format, Bernanke responded to queries from four Morehouse senior economics students, discussing topics ranging from financial bailouts, the mortgage crisis, stimulus packages, consumer confidence, federal financial student loans, and the wealth disparities between minorities and whites.

When asked about the wealth gap between the median black household and white household – where the net worth of an average black family is 10% of the net worth of a white family – Bernanke says the disparity has in part to do with the need to broaden understanding of financial education in minority communities along with the importance of joining the mainstream financial market via establishing a savings account or credit history, something he says all Americans need to do.

Tristan J. Allen, a graduating economics senior who was one of the four student panelists, says he enjoyed participating on the panel but wanted Bernanke to provide a better explanation for why the wealth disparity between the average white households and average minority households exists.

“I wanted to see a more direct answer,” says Tristan Allen, who will be headed to Columbia University London School of Economics as a Thomas R. Pickering Fellow following his graduation.

A number of Morehouse students rely on federal student loans to fund their college education but with existing credit limitations, some are finding their educational pursuits jeopardized. Bernanke, who says the problem is “serious,” and that credit is necessary to fund education, assured students that Washington is looking to restructure the student loan process that would make it easier for students secure funding for school. “I think it’s important to find ways to maintain the student loan market,” Bernanke says. “It’s a very important market because educated people are our future. It’s an investment in human capital.”

Bernanke also says “people ought to go into a profession that they enjoy” and find value in for themselves and their community, instead of just for financial gain.

Overall, Morehouse students and staff found the presentation positive and felt Bernanke answered most of the questions they had.

Chieoke Moore, 21, a junior business major at Morehouse who has a summer internship in [PricewaterhouseCoopers](#) [3]’ tax accounting department, believes the panel covered a wide range of topics and that Bernanke answered the responses thoroughly.

Cheryl Allen, dean of the division of business and economics at Morehouse, says Bernanke gave a “great presentation,” adding that as a college professor, she tries to help her students realize benefits from this current financial situation.

“Our students are in the position to come in and be a part of the solution. Even though it’s gloomy, there’s a silver lining,” she says.

Najee Johnson, 20, a junior economics major who will spend his summer working on the campaign of an Atlanta City Council hopeful, also was pleased with the presentation, especially the issues surrounding federal student loan programs. “These are the types of things we need to know because we will be out in the real world,” Johnson says.

Echoing Bernanke’s acknowledgement that t his year’s college students are facing the toughest labor market in 25 years, Keith Hollingsworth, chair of the [Morehouse Business Department](#) ^[4], says, “For the student who’s about to graduate, its tough economic times. Getting a job is not as easy as it was in the past.”

As a result, a lot of Morehouse students, like Tristan J. Allen, are opting to go to graduate school, Hollingsworth observes, explaining that in the past, 20 to 30 Morehouse students graduating with business and economic degrees were headed to Wall Street to work. With graduation only a few weeks away, that number has dropped down to 10, he says. Although Moore and Johnson have lined up paid internship opportunities, many of their classmates haven’t been as fortunate, with the number of students receiving internships for business and economic majors declining as well.

But Hollingsworth is optimistic the economy will turnaround. “My guess is the end of next year.”

Bernanke was appointed [Fed](#) ^[5] chairman in February 2006 and served as chairman of the President’s Council of Economic Advisers from 2005 to 2006.

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