



Recessions Never End

“The way out of the recession is not to wait for an uptick. The way out is to create our own uptick.”

-Rance Crain, Advertising Age

A Defining Moment in History

I have a great memory. I can remember many moments from my childhood as if they happened yesterday. Growing up in Atlanta, Georgia during the 1960s – 70s I witnessed many historic moments. I watched in horror with our nation as Lee Harvey Oswald, suspected assassin of President John F. Kennedy was shot on live television in the Dallas, Texas police headquarters parking garage on a Sunday morning. Our family was on vacation on July 20, 1969 at the Houston Manned Spacecraft Center when Apollo 11 landed on the moon. I was in attendance at Atlanta Fulton County Stadium the night Hank Aaron broke Babe Ruth’s all-time Home Run record of 714.

But a moment stands out in my life as one of the most historic moments in recent history. I remember, shortly after receiving my driver’s license in the early 1970s the first time I ever filled a car’s gas tank. My father handed me the keys to his Ford and said, “If you are gin to drive the car, you have to be responsible for filling it up with gas.” This seemed reasonable and I couldn’t wait to take the car up to our neighborhood Texaco service station and be in charge. I will never forget pulling up in the parking lot and driving over a thin, round rubber hose as I pulled up to the pumps. It made a dinging sound in the station that you could hear outside. Immediately a smartly dressed attendant in a Texaco uniform rushed out and came around the car to my window. “May I help you?” He inquired. I had waited since childhood to say the next words that came out of my mouth. “Fill ‘er up with regular, please.”

The attendant went to the rear of the car, removed the nozzle from the gasoline pump, took off the gas cap of the car and proceeded to pump the gas. Then he went to the front of the car and lifted the hood. He began to check all of the important fluids under there: oil, coolant, power steering fluid, transmission fluid, wind shield washer solution and so on. I felt like the king of the driving world. A few minutes later, the attendant removed the nozzle from my car and returned in to the pump. Wiping his hands with a rag in his back pocket he walked up to my window. It was a 20 gallon tank and the fuel gauge read empty so it took a lot of gas He said, “That’ll be \$7.50.” I gave him a \$10 bill and he gave me my change and off I went with a full tank.

Here is why that event was so memorable. The next week, the famous Arab Oil Embargo of 1973 against the United States was announced. Our country went into a recession almost immediately. Lines formed at the service stations. More importantly, we never gassed our cars up the same way again. My first time was my last time. From that moment on we began learning about cheaper gas if you pumped it yourself. My father bought oil wholesale so he and I could change it ourselves. I became a pro at how to check my own fluids. More importantly, it never cost \$7.50 to fill up a 20 gallon tank ever again. Fuels prices rose, and rose, and rose.

My father once said on a vacation to Virginia when he saw the gas prices there, "I will never pay \$.39 per gallon to gas up a car. That's highway robbery!" my mother had to learn how to pump gas as did my girlfriend. This was significant because there was a book out about then called, "Real Women Don't Pump Gas." Yes they did and still do. That recession started a chain reaction that changed the way we fill up our cars forever. We will never do it the way I did for my first time again. Recessions never end.

An Economic History Lesson

In the 1920s our country was primarily agrarian. More people lived on farms or in rural areas than lived in cities. Everything was dependent on the weather and commodity exchanges. Then, the Great Depression hit in 1929. During this time a great draught hit the mid section of the country and farm families lost all they had. Many picked up most of what was left and moved to cities. Florida and California were settled more in this time. By the end of the Great Depression we had become an urban country. Most people had migrated to cities for jobs and conveniences. The great Depression changed where our country lived forever.

World War II actually helped bring the Great Depression to an end. It motivated American Society and industrialized the average citizen like never before. With most of the eligible labor (mostly men) off fighting in the war, women were asked to work in the factories to bring about a victory. I saw a documentary about women working in a weapons factory. The woman being interviewed talked about walking 2 miles from her home every day to welding school. She talked about getting a job in a munitions plant and welding from sun up to sun down. She talked about the friends she made who were working with her. She said it was hot, steamy, difficult, tiresome and hard work. Then she said, "It was the most fun I had ever had in my life." When the war ended, she didn't want to go back and stay in the kitchen cleaning house all day. She had learned a skill and was paid handsomely for it. World War II began to change the role of women forever.

More recently the world market suffered a recession in 2000-2001. It was called the Dot-com Recession. It changed our investment habits forever. As it was coming to a close, the events of 9/11 took place in the United States. For several days, commercial airports were shut down, leaving thousands of people stranded in cities everywhere. Travel came to a standstill almost worldwide. When travel resumed, there were new security measures in every American airport. Screening machines, taking off your shoes, emptying your pockets and only ticketed passengers allowed at the gates became buzzwords. Your family used to go out to the gate to greet you or say goodbye. But those events changed and we never will travel the same way we did before 2001 again.

I say all this to illustrate the fact that recessions never end. Each is a continuation of the one before only in a different form. The markets go up and they go down. You can almost chart them in 5-7 year cycles. If you are reading this and we are in a recession, you can believe the market will get better, but another one is on the way. Market leaders know this and are prepared in advance. They also know that recessions change things permanently. Knowing what is changing and how you react or adjust to it is what separates the leaders from the losers.

The recession of 2008-2009 has changed the way we buy on credit forever. It has changed the way we bank forever. Many banks have gone out of business and the banking business has been forced by the economy and government regulations to change almost everything they do to comply with stricter standards. The recession has changed the way we buy houses forever and obtain loans. No more “No money down” loans. It has also changed both the way we buy automobiles and the type of autos we buy. Pontiac is gone forever. Gas guzzling cars are becoming a thing of the past in favor of more fuel efficient transportation. Everything is on the table and the rules have been changed forever. It’s a new world of work now.

NEXT MONTH: What to do about never-ending recessions in the New World of Work.

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