

## **As I see it**

*By Ed Eilert, District 4*

The current economic challenges and stock market decline are affecting many people, across a broad spectrum. As our economy has shrunk and markets tumbled, I have thought back to other difficult periods in our country's economic history—not necessarily for specific answers to be applied to current questions, but to learn whether their lessons can be helpful today.

I recall the recession of the late 1950s, when I was a college student. That was a difficult time, but most families were not focused on consumerism and the rapid accumulation of material things. In fact, many lived by this rule: "Use it up, wear it out, make it do, or do without." My family was no different, and we were always grateful for what we had. That kind of frugality may be helpful in current hard times.

In 1958, there were few activities such as corporate mergers, leveraged buyouts, high-risk lending, excessive borrowing, or business organizations termed "too large to fail." Credit cards only existed in the realm of The Diners Club, and few middle-class families had one.

But there were similarities. Housing (building and selling) was down, the national unemployment rate peaked at 7.4 percent, and auto sales fell 31 percent. The unemployment rate in Detroit rose to 20 percent. Some auto makers, including Packard, Nash, and Hudson, simply vanished.

Former Pres. Harry Truman summed up the situation by saying, "It's a recession when your neighbor loses his job; it's a depression when you lose yours."

There are certainly differences between 1958 and 2009: a major housing crisis, the breaking of a large real estate bubble, and an international credit crunch, to name three. The parallels aren't perfect in another important way: The stock market remained more resilient 50 years ago while the national and global economies floundered. The Eisenhower Administration refused to engage in any kind of federal stimulus, did not consider tax cuts, and that assumed economic conditions would change over time, leading to recovery.

National leaders are dealing with the financial challenges of the current recession much differently, but with the same goal: economic recovery, the sooner, the better.

The most crucial question is, "What does the future hold?" There are signs that the reversal of the financial excesses of the last decade may bring back some of the attitudes and practices of our parents or grandparents, who had to cope with the challenges of the Great Depression in the 1930s and the demands of a wartime economy in the 1940s. It's a trend of getting back to the basics.

My father and grandfather were small farmers. My earliest memories were of horse-drawn farm implements and wagons, and my desire to grow big enough to work a team of horses by myself. Everyone I knew was self-sufficient when it came to providing food for the table. Milk, meat, and vegetables were seldom in short supply and always fresh and as close as the barn, vegetable garden, or orchard. The garden was large, with rows and rows of potatoes to be dug up, vegetables to be picked, and my favorite part, the strawberry patch. My brothers and I quickly learned to pick a design we liked from the cloth sacks that contained feed for the farm animals, because when the sacks were emptied, the cloth became our shirts.

I am not suggesting that we try to relive those times, but our memories do put perspective on the challenges we face.

A 2009 MetLife study advises that the nature of the American Dream has shifted to a dream that is more closely aligned with the traditional dream of previous generations. Families are eating at home more often. They are shopping at discount stores and moving to generics. They are doing inexpensive things together and re-evaluating their priorities. The Dream now includes a greater emphasis on personal relationships than on finances.

For most Americans, the report says, “the American Dream remains a viable destination, but not one that has to be reached immediately. In fact, for some the pause button has been hit until 2010—or beyond.”

Remember, this is not our first recession. Over the past 100 years the American economy has faced 21 of them. The current economic downturn will eventually be overcome. And remember that we survived the turmoil of the 1960s; the long gas lines and escalating oil prices of the 1970s; sky-high, double-digit interest rates of the late '70s and early '80s; and the tech bubble bursting in the late '90s.

Challenges are constant, and it is seldom easy to make the necessary adjustments. But I think it is appropriate for all of us to remember something Pres. Franklin D. Roosevelt said during another troubled time: “When you come to the end of your rope, tie a knot and hang on.”

That's timeless advice for any generation.