



## MONEY Personal Finance

### Anniversary of the Great Recession: What's Changed, What Hasn't

Five years later, a look at how politics, pop culture and the economy have (and haven't) shifted

By [GEOFF WILLIAMS](#)

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Five years ago this week, the world fell back in love with coupons. But as you probably recall, it was something of a forced, shotgun marriage.

That's because, five years ago this week, many Americans felt they had to clip coupons, cut back on luxuries and some necessities and discover the joys of bargain hunting – or risk running out of money altogether. The Great Recession actually began in December 2007, but everyone truly took notice on Sept. 15, 2008, when Lehman Brothers, then the fourth-largest U.S. investment bank, went bankrupt.

The fall of Lehman, which held more than \$600 billion in assets, started a chain reaction of financial crises that reverberated throughout the world, and, well, you know the rest. Investment portfolios lost much of their worth, and the national unemployment rate started climbing from 6.1 to 10 percent, its peak in October 2009. The economy went into a tailspin. And everything changed forever.

Sort of. Maybe.

It is tempting to think everything changed after the recession started. For those who lost a job or much of their savings, September 2008 may well be looked at as a turning point, and not one you look back on fondly.

**[See: [10 Signs American Families Are Falling Behind.](#)]**

"One thing some people have unfortunately had to learn: Their best employment days are most likely behind them. For a certain portion of the population, the recession was life-altering from an income perspective and they have had to adjust to a new standard of living, one that they don't think will ever improve," says Chad Oakley, president of Charles Aris, Inc., a global executive search firm in Greensboro, N.C.

As dire as the Great Recession was – it officially ended in June 2009, although some argue it's ongoing – it may be comforting to look back at the month of September 2008 and realize that plenty of things haven't changed. Our world may have been rocked, but as ugly as the recession was to endure, in many ways, the world we inhabited then looks a lot like the world we inhabit now.

So, just for nostalgia's sake, let's take a look at September 2008 and compare it with September 2013.

#### Headlines and Popular Culture: Then and Now

**Politics.** Barack Obama and John McCain were embroiled in a fierce campaign in September 2008. Now, everyone seems to be talking about Hillary Clinton vs. Chris Christie in 2016.

**Movies.** Superhero movies dominated the box office ("The Dark Knight" and "Iron Man" had just entertained summer audiences). Not much has changed, and audiences are still embracing superheroes as an escape from the country's economic problems: "Iron Man 3" and "Man of Steel" were two of this summer's biggest hits.

**Music.** Katy Perry, Taylor Swift and Miley Cyrus were all dominating the radio and music downloads. Still are.

**Television.** Five years ago, the top-rated television series in the U.S. were "CSI" and "NCIS." This year, the top-scripted series have so far been "NCIS" and "The Big Bang Theory," which was just beginning its second season five years ago.



[Read: [What TV and Movie Scenarios Would Cost in Real Life.](#)]

*Technology.* The iPhone 3GS was a few months old, and Apple co-founder Steve Jobs was reassuring stockholders that his health problems were largely exaggerated. Today, Apple's fifth iPhone incarnation is still commanding plenty of ink, and, of course, Jobs is no longer with us.

*Buzzwords.* Staycation, the term for vacationing cheaply at home, was an extremely popular word months *before* September 2008, which may have been a sign of things to come. Today's buzzwords? Nothing seems to speak of our state of economy, but selfies, twerking and cray-cray are all making an impression in the lexicon.

#### **Unemployment: Then and Now**

On Sept. 14, 2008, the day before Lehman Brothers imploded and the news began forecasting economic doom, unemployment was already climbing. Throughout 2007, Bureau of Labor statistics show that unemployment had been hovering in the 4 percent range. In September, October and November of that year, it held steady at 4.7 percent. In December, however, it jumped to 5 percent and, month to month, mostly began climbing. By September 2008, unemployment was at 6.1 percent – and just kept going up.

Today? It's at 7.3, a far cry from 10 percent but still well above the days before the Great Recession.

#### **Day-to-Day Expenses: Then and Now**

All in all, prices have remained pretty stable over the past five years.

Average price of a gallon of milk then: \$3.77

Now: \$3.44

Average price for an unleaded gallon of gas then: \$3.69

Now: \$3.62

Average price of a loaf of bread then: \$1.21

Now: \$1.43

Average price of a movie ticket then: \$7

Now: \$8.38

#### **Housing: Then and Now**

Back then, the average price of a new house was \$287,100, and as of July 2013, it was \$322,700, according to the most recent U.S. Census Bureau data. That is welcome news for the person selling, and not as good for the person buying. On the other hand, you could argue that everyone is winning now: The average interest on a single family home in September 2008 was 6.04 percent; today, it's 4.46 percent.

#### **What We Said About the Economic Mess: Then and Now**

Everyone had an opinion. A lack of regulation, cheap credit and the compensation structure on Wall Street were some of the culprits fingered. As U.S. Rep. Scott Garrett, then and now a Republican representing New Jersey's fifth congressional district, said to The Star-Ledger, "The lessons are multifaceted. It would be wrong to point a finger at one player on the field and say he is totally to blame."

Whatever and whomever is to blame, many people are saying we haven't learned enough.

"Nothing has really changed on the regulatory front, and we've done nothing to really protect ourselves from another financial collapse, regardless of what the media says," explains Doug Lockwood, branch president at Hefty Wealth Partners in Auburn, Ind. "Most banks are bigger now than they were back then, as measured by total assets on their books. We haven't learned anything, and these banks are even bigger. Regulation has almost done nothing."

[See: [50 Smart Money Moves to Make Now.](#)]

Usha Haley, director of the Robbins Center at West Virginia University and author of "Subsidies to Chinese Industry," agrees, saying: "We should have learned that excessive leverage is bad. but our record otherwise is spotty and China learned no lesson, increasing leverage."

In fact, if there is another recession in the near future, Haley believes it will begin in China.

Those looking for an encouraging word would do well to listen to Joel Trammell, a serial entrepreneur and chairman of the Austin Technology Council, a trade association for technology and life sciences companies. He sees a brighter economic picture ahead.

"Major events like the Great Depression and the Great Recession stick in people's memory because they are so rare," Trammell says. "Unfortunately, once people have lived through one such event, they dramatically overestimate the chance of it happening again."

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