



## Recession or Not? The Answer Lies in the Physics

by Sandra Noble, President  
Noble & Associates Consulting, Inc.

*Economics and physics are generally regarded as vastly different disciplines. Many are recognizing the convergence of quantum physics and theology. Can quantum physics also explain the current US economy?*

### **Definition:**

According to macroeconomics, a recession in the United States economy is defined as two consecutive quarterly declines in GDP (Gross Domestic Product). The GDP is a dollar value that is representative of all the goods and services produced for a given period of time. Its purpose is to indicate the financial strength and health of the country.

### **US Fourth Quarter 2007:**

Financial industry profits fell \$104.6 billion annualized. Non-financial industries' profits fell \$30.7 billion annualized. Corporate after-tax profits fell \$37.9 billion at a quarterly rate of 3.3%. But despite the quarterly decline, corporate profits after taxes are up 3.3% compared with a year ago. And the U.S. economy, as measured by GDP, grew at a 0.6% annual rate, the slowest pace since late 2002.

But the operative word is "grew". Believe it or not, we have yet to have one quarterly decline in GDP. Companies and institutions are losing money but the overall US economy is healthy and growing.

### **State Economics:**

So, let's move down to the state level. I lived in Cleveland, OH for many years. Ohio has been hit hard by the non-recession. Ohio and other similar high take, high labor union states are losing jobs and population. These states tended to not have had the housing bubble that other states have enjoyed. The high unemployment rates have caused the increase in mortgage defaults and foreclosures. So the mortgage crisis in the country has a greater negative impact in states like Ohio. Housing prices have gone from steady-state to a decline. Hence my friends in the Ohio would find it more difficult to be bullish on the economy.

## **Personal Finances:**

Then on a personal level, many are convinced that there is a recession. There has been a significant reduction in the amount of disposable money. Consumer spending is down, at least for me and most people I know. Tears came to my eyes the first time I saw \$3.25 per gallon at the gas pump. I have since seen even higher prices. So those of us struggling to make ends meet are at the lower levels of Maslow's "Hierarchy of Needs". Our focus is on putting food on the table, keeping a roof over our heads, and having gas in the car so we can get to work and earn a living.

## **Relativity:**

According to quantum physics, nothing is real unless it is observed and outcomes are influenced by the observer. This conforms to conventional thinking about what relativity is. It all depends on how you look at it. Two people can look at the same situation and draw different conclusions.

One of the tenets of Albert Einstein's Theory of Relativity is that outcomes are the same for all observers. However, the theory also indicates that two simultaneous realities exist at the same time.

## **Reality:**

So yes, the US economy is still growing, however slowly it may seem. But the other reality is that many people are seeing and feeling a recession in their personal financial situations. Bank loans and access to capital are more difficult for companies to obtain. And the forecast for many business industry sectors is bleak.

## **About the Author**

[Sandra Noble](#), MBA, CPIM, Six Sigma, DCFS, CDP, is president of Noble Finances, which is a division of Noble & Associates Consulting, Inc. **Reducing the *STRESS* of Software Implementations Worldwide!**

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