

Economists: Risk necessary for economic growth

Chamber hosts Business Outlook 2010

BY DEAN POLING
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VALDOSTA — Though economic progress will remain a “slog” for the next few years, it is time for people, businesses and financial institutions to take calculated risks.

So went the overriding message of Tuesday’s Valdosta-Lowndes County Chamber of Commerce’s Business Outlook Breakfast 2011.

Presented by Wiregrass Georgia Technical College, the event featured three key economic speakers.

Dr. Thomas Cunning-

ham, vice president and associate director of research, Federal Reserve Bank of Atlanta, presented the national and regional business outlook.

Dr. Jeffrey Humphries, Selig Center director, University of Georgia Terry College of Business, presented the Georgia economic outlook.

Dr. Cynthia Tori, economics professor, Valdosta State University Harley Langdale Jr. College of Business Administration, presented the Valdosta forecast.

They discussed the unique situation of the current economy. During the decades past the Great Depression, the economy faced nearly predictable eras of recession followed by eras of growth. This has not been the case fol-

lowing the last recession.

While the recession has ended, the presenters said, the economy has been slow to grow. The real-estate market has mostly stabilized, but few loans are available.

Presenters recommended that we have reached a period when people and businesses need to take calculated risks in borrowing money while banks should begin taking the calculated risk of loaning money, Humphreys said.

Yet, recent experiences have left most people and institutions overly cautious as the economy slowly recovers.

From a Valdosta-Lowndes County perspective, the speakers framed the local situation as a contrasting story within a story.

For example, in terms

of job loss, Humphreys said, Georgia was harder hit than the rest of the nation. While the overall U.S. rate hovered above 8 million jobs lost, or 6 percent, Georgia’s 350,000 lost jobs put the state at an 8.4 percent loss rate.

Yet, while Valdosta-Lowndes County has suffered in this national and state economy, it has fared better than the shuttered factories and businesses littering surrounding South Georgia counties, Tori said. Valdosta-Lowndes County has benefited from its location in the Interstate 75 corridor.

With local governments, school systems and VSU ranking among Valdosta-Lowndes County’s leading employers, the region could be adversely affected by additional cuts in the

state budget. However, increases in VSU’s enrollment — bringing money from Atlanta and other regions to spend into the local economy — have offset these cuts in state funding.

Valdosta-Lowndes County has experienced recent job growth, Tori said, but these new jobs pay far less than the ones lost.

Some of those higher-paying jobs in the region, state and nation are simply gone, with no prospects of making a return.

The growing job market may prove versatile, the economists said, and people should seek additional education from Wiregrass,

VSU or Georgia Military College to develop new job skills.

While the economy grows, Cunningham cautioned this growth must be nurtured. It will not boom back overnight. The country is in for a long-term “slog” for the next few years, he said. As for helping the economy along, he said his best advice would be for consumers to buy as much merchandise as they can afford.

“Leave here and buy something,” Cunningham said, with a grin. “Go to the stores and fill up the back seats of your cars.”

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