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Dublin, Georgia

## Economic Forum Sheds Light on Financial Crisis

12/07/08

**BY Carol Dodd Porter**

Editor's note: The economic forum hosted by Georgia Southern University produced a wealth of information concerning the current economic crisis. This is the first in a three-part series that explores the realities of the situation in which we now live.

By CAROL DODD PORTER

Recent upheavals in the economy have led to the public's desire for a greater understanding of how our economy works. In an effort to educate individuals on the terms, causes, and future ramifications of the current economic situation a group of local businessmen planned, and Thursday night implemented, the first of what may become many, economic forums to be hosted by Georgia Southern University. Held at the Morris Bank location in downtown Dublin, a panel of experts fielded insightful and often heartfelt questions from the audience.

Some of the items discussed at the forum were: the dissolution of Lehman Brothers; the bailout of Fannie Mae, Freddie Mac and AIG and the latest details of the federal bailout package. Other items discussed came in the form of questions from the audience.

The moderator for the event was Ronald Shiffler, dean of the College of Business Administration, Georgia Southern. **Tony Barilla, Ph.D. an associate Professor of Economics at Georgia Southern**, and Edward H. Sibbald, a BB&T Executive in Residence in Banking in College of Business Administration at Georgia Southern served as the panel.

**Barilla started off the forum** with a slide show explaining how one recognizes an economic recession. Although it is a hard concept to define, unemployment is a key indicator. A recession can be determined by two consecutive quarters where the unemployment rate grows by .4 percent. A chart he showed titled, Labor Force Statistics from the Current Population Survey (which may be found at data.bls.gov) shows the country clearly was in a recession and had been for quite a while. (See chart below.)

He went on to say, "November's Labor Force Statistics are projected to be around seven percent."

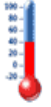
To add a little levity to the obvious gloom this brought on the faces of the audience members he added, "Or you could just define it by saying 'a recession is really when my neighbor is out of work, a depression is when I am out of work.'"

When asked how the beginning of a depression could be determined Barilla stated, "The labor force participation rate is the number of people in the workforce over 16. If the unemployment percentages keep rising and the number in the labor force decreases that will be how you can tell you are in a depression. That will mean that people have quit looking for jobs. That is when things really start to get bad."

When asked if it was possible to avoid this, he replied, "Yes, Franklin Delano Roosevelt put people to work in public works programs and we expect Obama to do much the same by rebuilding America's infrastructure. When roads and bridges are being built they create other

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business' that feed off of the larger project and surround the area with a healthy economy."

Another indicator of trouble is when the Gross Domestic product of a country is as large as its debt. The current GDP is 14 trillion. The United States debt right now is 10 trillion. To illustrate how hard it is to pay off debt he explained, "If you owed \$1,000 and you only made the minimum payment every month it would take you 42 years to get that debt to below \$100. It would take another 42 years to get it to \$1. When you start out at 10 trillion you begin to see the problem."

To illustrate how quickly debt compounds he added, "In 2007 our debt was 5 trillion, in 2008 it is 10 trillion and in 2009 it will double again."

Read Monday's edition of The Courier Herald for the second part of this three-part series.