



Dublin • Dudley • East Dublin

478-277-1500
www.bankofdudley.com

Bank On Us!



January 19, 2009

Dublin, Georgia

- [Home](#)
- [Local Stories](#)
- [Obituaries](#)
- [Editorials](#)
- [Local Sports](#)
- [Classified Ads](#)
- [Archives](#)
- [Blogs](#)
- [Pet of the Week](#) [Download](#)
- [About Us](#)

[Contact Us](#)

[Community Message Board](#)
[Play Sudoku!](#)

[Cooking Quiz](#) [Fun!](#)

[Local Gas Price Map](#) [New!](#)

Dublin, GA

ZIP: 31040

Temp. Wind

6 mph

42.8°F [7 Day Forecast](#)

Economic Forum Part Three: What Should the Country Do Now?

12/09/08

By **CAROL DODD PORTER**

Editor's note: The current economic crisis has produced many questions from a concerned public. In response to that concern Morris Bank in conjunction with The Sir Shop hosted an economic forum with a moderator and a panel of experts from Georgia Southern University (GSU) to explain the issues and field questions from the audience. The moderator for the event was Ronald Shiffler, dean of the College of Business Administration, GSU. **Tony Barilla, Ph.D. an associate Professor of Economics, GSU,** and Edward H. Sibbald, a BB&T Executive in Residence in Banking in the College of Business Administration, GSU, served as the panel. This is the final in the three part series that began on Saturday.

While **Tony Barilla** gave background information on the factors that enabled the current economic recession, Edward H. Sibbald focused on where the US will go from here.

The first advice from Sibbald was, "take a breath, this too shall pass."

"This year three banks in Georgia have failed." (Since the forum on Thursday, a fourth, First Georgia Community Bank of Jackson closed on December 6th.) Sibbald told the audience they needed to realize that not all banks are alike. The banks that are going into failure in Georgia have issues involving their investments to borrowing ratio. They had an unusually high exposure on commercial real estate.

Those banks are in the Atlanta area. Sibbald explained, "Around Atlanta land was cheap, and banks had plenty of money to lend. Georgia is the third in the nation in developers. There was an unusually high number of developers that over-built homes and developments. Then these properties began to sit there, not selling."

This prompted an audience member to question if it was the runaway de-regulation used by Freddie Mae and Freddie Mac that had caused the overbuilding.

Sibbald answered with a resounding "no".

"Freddie Mae and Freddie Mac have been some of the programs that have made this country great. Probably 60 percent of you in this room have at some point been touched positively by this program. Where things went wrong was with the mortgage brokers who were allowed to profit with no responsibility or accountability. "

When asked by an audience member as to how the country planned to recover, Sibbald explained the US had several options that would work. However, regardless of method, just paying the huge sum the country now owes will be an enormous burden. As an example he said, "If you

Local Poll

When do you think the recession will end?

- First Quarter 2009
- Second Quarter 2009
- Third Quarter 2009
- Fourth Quarter 2009
- 2010
- Never
- Are we in a recession?

[Vote](#)

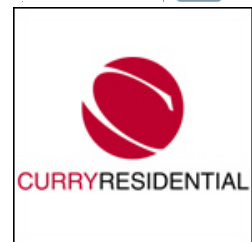
Search

[Archives](#) [GO!](#)

[Search tips](#) | [Advanced](#)

Search Google

[Go](#)



started saving \$10,000 in a shoe box everyday, you would have had to start saving in 1733 to save one billion dollars. Multiply that by 1,000 and you get one trillion. We owe \$10 trillion. Next year it will double. We have a long way to go."

One problem Sibbald saw with the bailout was what he labeled the Rescue Plan Paradox. The paradox is created because the rescue plan injects capital into the largest banks to lend to customers...yet smaller banks provide a greater percentage of lending to smaller businesses. The Rescue Plan must be redirected to consumers and existing homeowners with mortgages.

□

Another issue at the core of the problem is not lending, rather it is people not spending. If US consumers don't spend, companies won't expand, and they will not borrow from banks...or create new jobs. Right now spending is down because the US consumers' expense growth in many areas exceeds their income growth. Sibbald showed a slide detailing the items that make up each list: income includes; salary and wages, interest on savings, dividends, and capital gains, while expenses include; food costs, energy costs, medical costs, educational costs, property taxes. These expenses are rising faster than income can keep up.

According to Sibbald, this recession is far worse than ones before because of the multiple challenges: the housing slump and price declines, the credit crisis, the financial crisis, the liquidity crunch and low consumer spending.

To combat a recession of this magnitude there are two philosophies that can be used. 'Trickle Down' is what the Bush administration has been using recently. 'Trickle Up' is what Obama plans to use in the future. 'Trickle Down' uses lower taxes on investors and companies and hopes to provide incentives to expand and create growth which should mean jobs and higher incomes. 'Trickle Up' uses tax cuts for the middle class and lower middle class segments, and hopes to fuel more consumption, which should create business expansion, growth and new jobs.

Sibbald's final slide recommended a four-part "Rescue Plan" starting with capital for smaller banks to address commercial real estate loan issues as needed, a comprehensive mortgage restructuring plan to assist qualified, creditworthy homeowners, and another round of stimulus directed to consumers and state and local governments and last, but not least, accountability at all levels....now!

Getting consumers' confidence up will play a major role in alleviating the crisis. The American consumer controls the market.

"Whether Americans buy two more or two less gifts per family will tell if the retail market has a good or bad Christmas season," Sibbald added.

One audience member asked him how the consumer would determine when the country is coming out of this pit?

Sibbald replied, "The stock market is a great predictor of the future of the US economy. It is about six months ahead of the rest of the economy. When you can see a sustained rally in the stock market for six months, when unemployment rates flatten out and consumer spending is up," you will know happy days are here again."

□

□

COMMENTS

This site does not necessarily agree with comments posted below — responsibility lies with the relevant reader alone.



Community Banking
Is Here To Stay...
And So Are We.

Member FDIC

Features

[Local TV Listings](#)

[Georgia State University](#)
Georgia State University Info
Academics, Admissions, Student Life
[Georgia State University](#)
 Ads by Google

Post a comment

User Name:

Email:

Comments:

Enter the code as it is shown:





Discover
Office 2007.


[Buy it now !\[\]\(a645c47f3580f3e1477cb5b3a4a9c02d_img.jpg\)](#)

- Ads by Google
- [Newspapers in GA](#)
 - [Economy Trends](#)
 - [GA News](#)
 - [Economic News](#)
 - [GA Obituaries](#)

advertisement

How to Avoid Coming Up Short in Retirement

They say retirement can be the best time of your life. And it can be if you have enough money to enjoy it. If you have a \$500,000 portfolio, you should download our new guide **"The 15-Minute Retirement Plan."** It's loaded with useful information that can help you plan for a comfortable, secure retirement. Don't miss it!

[Click Here to Download Your Report!](#)

FISHER INVESTMENTS™

www.fi.com
Ads by Google

Copyright 1998-2007 MyWebPal.com. All rights reserved.
Contact us at webmaster@mywebpal.com
All other trademarks and Registered trademarks are property of their respective owners.