



Economy, job outlook not getting better, analysts say

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Job growth in Athens next year could outpace Atlanta and all but one other city in the state.

But that was one of only a few hopeful bits of news in a pair of otherwise gloomy economic reports issued this week, one by the University of Georgia's Selig Center for Economic Growth and the other by the Georgia Budget and Policy Institute.

"Our forecast is for more of what we have seen the past couple of years. We might see continued slow growth or, technically, we might see patches of recession. Either way, unemployment will remain high," said Robert Sumichrast, dean of UGA's Terry College of Business. The Selig Center, headed by Jeff Humphreys, is part of the Terry College.

After years of job loss, the state actually could add new jobs next year, though at an anemic rate, according to the report. Athens could see a 1.1 percent increase in the number of people with jobs next year, compared to just .5 percent statewide, according to the Selig Center forecast.

Despite the modest rise in job creation, the state unemployment rate will be about the same next year as it is now, Sumichrast said — about 10 percent.

Georgia's economy actually has been lagging the nation's for years, according to both Sumichrast and Wesley Tharpe, a policy analyst for the Georgia Budget and Policy Institute.

“What is even more alarming is that while other states have started down the road to recovery, Georgia’s job picture is still getting worse,” Tharpe wrote.

Georgia now has about 3 percent fewer jobs than the state had in 2000, while wages have stagnated for all but the highest-earning 20 percent of workers, according to the budget and policy institute report, “State of Working Georgia 2011.”

Wages for the highest-paid 20 percent of Georgia workers have increased by 10.4 percent a year over the past 30 years, compared to 2.5 percent for the lowest 20 percent and 4.1 percent for those in the middle, according to Tharpe’s statistics. And the income gap has widened even more rapidly since 2005, according to the GBPI.

Meanwhile, Georgia has the worst record of any state in job creation over the past two years, according to Tharpe. Since the recession began in 2008, Georgia lost about 8.5 percent of its jobs, he wrote.

According to the Selig Center forecast, Georgia is not likely to replace the jobs it lost during the recession before 2020, nine years from now.

Sumichrast presented the center’s gloomy analysis at a luncheon meeting of about 800 state leaders and others Tuesday in Atlanta; the GBPI issued its report via email earlier this week.

Although growth may be stagnant, inflation will at least slow down, according to the Selig Center — about 2 percent next year, compared to 3 percent this year.

Although the two reports were in general agreement about the state and prospects of the state’s economy, they differed markedly in prescriptions for the future.

The state should borrow money to build schools and infrastructure, help poor and unemployed people get through hard times with food, medical assistance and unemployment benefits, and put

money into education, training a high-quality workforce, according to the GBPI.

The institute also called on state leaders to try again after last year's failed effort at tax reform. The state's tax framework dates from the 1930s; legislators should close loopholes and redraw income tax rules, according to the GBPI. Lawmakers also should change sales tax rules to reduce the rate, but include more services as taxable, according to the institute.

And leaders should ask the federal government to put more money into job creation in Georgia and other states, according to the GBPI.

The more conservative UGA business school called for economic development incentives for businesses, such as more tax breaks.

"We live in the region of the country where states use incentives most aggressively, but too often Georgia is not able to do what it takes to close the deal," Sumichrast said.

State agencies and businesses also should fund more research and development projects and invest more in business start-ups based on innovative ideas, he said.

"Georgia desperately needs to develop its venture capital markets," Sumichrast said.

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