

From Bad to Worse

In November of last year, Chris Thornberg of Beacon Economics in Los Angeles presented his economic analysis for 2008 to Sonoma County: He suggested that a national recession is probable (75 percent chance of recession). The title of his presentation was “From Bad to Worse.” Thanks to Chris for his inspiring title.

In recent years, the SRJC Economic Development Institute (EDI) has offered the college community information about regional, national, and international economic conditions to assist SRJC’s planning and operations. (We gleefully also included egregious jokes ridiculing economists, apparently provoking unfair criticism of the profession.)

As the college begins this new year with new construction and a newly revised—and smaller--state budget outlook, we thought faculty and staff could use updated information about recent and projected economic conditions. We have compressed the format (which should please everyone) and focused primarily upon recent snippets of information.

In March of this year, we’ll produce a second document that promises to be slightly more upbeat, with an emphasis upon environmental and sustainable technologies and with information about SRJC’s efforts to provide instruction related to the environment and sustainable living. The spring document will support the Spring Forum 2008, a joint endeavor of the SRJC Economic Development Institute and the SRJC Institute for Environmental Education to promote dialogue at the college regarding environmental and sustainable technologies.

PLEASE MARK YOUR CALENDARS: SRJC Spring Forum: *Friday, April 18, 2008, 7:30 am – 2:00 pm, Shone Farm. “Sustainable Society: Teaching the Environment at SRJC”.* Information and reservations: *Chuck Robbins, 527.4498, crobbsins@santarosa.edu.*

Now, for those nuggets of joyful information, with the obligatory nod to economists:

- **America’s vulnerable economy:** “In 1929, days after the stockmarket crash, the Harvard Economic Society reassured its subscribers: ‘A severe depression is outside the range of probability.’ In a survey in March 2001, 95% of American economists said there would not be a recession, even though one had already started.”
Economist.com, November 15, 2007
- **Economy faces risks, not recession: Bernanke.** “Federal Reserve Chairman Ben Bernanke told lawmakers on Thursday the U.S. economy did not appear headed for recession, but warned growth could prove weaker than expected and inflation higher.”
Reuters, November 8, 2007
- **Housing drags on local economy:** “Chris Thornberg, a Los Angeles economist, said rising unemployment and housing’s tumult are hammering the state’s economy, including Sonoma County.” *The Press Democrat, November 12, 2007*
- **Economists divided on recession, some see growth in 2008, others expect major gloom:** “Some economists predict the U.S. economy will slide into recession next year. Others expect the nation to avoid recession, if only barely. A few even think the economy will see solid growth. But for many middle- and lower-income families, the distinction won’t matter... The outlook is the gloomiest in years, particularly for the first half of 2008. *San Francisco Chronicle, December 26, 2007*

- **Jobs: December's Big Chill:** "The U.S. economy added just 18,000 jobs on the month, sparking recession worries." *BusinessWeek.com, January 4, 2008*
- **Jobless Rate Hits 5 Percent, 2-Year High:** "Unemployment jumped to its highest rate in two years and new hiring slowed to a trickle in December as a cooling economy and continued downturn in the housing sector registered soundly in the country's labor force." *Washingtonpost.com; January 4, 2008*
- **Jobs data underlines weak growth:** "The report confirms the fear that we are starting to dip into recession." *Reuters, January 4, 2008*
- **Bush calls financial markets 'strong and solid' despite slowing economic growth:** "President Bush said Friday that while there is some concern about slowing economic growth, the 'financial markets are strong and solid.'" *AP News, January 4, 2008*
- **Study: Counties competing for jobs:** "A study released Monday showed that California is competing less with other states to attract and retain companies, and more with itself. It turns out that relatively few jobs left California for other states. Far more moved around within the state, escaping high-cost areas near San Francisco and Los Angeles." *The Press Democrat, November 6, 2007*
- **Sonoma County economy grew at snail's pace:** "... Sonoma County was the 10th largest regional economy in California in 2005, the most recent year available. In terms of growth, Sonoma County ranked fourth from the bottom of 26 regional economies in California, with annualized growth of 2 percent, after adjusting for inflation." *The Press Democrat, September 27, 2007*
- **Fewer Marin high school graduates going to College of Marin:** "College of Marin may be taking a 'build it and they will come' approach to its \$249.5 million overhaul of its campuses. The school's enrollment woes over the past 15 years are pretty stunning.... The charts show a steep drop in the number of Marin high school graduates who enter College of Marin as first-time freshmen. For instance, 39 Sir Francis Drake grads enrolled in College of Marin in 1992. Six did last year. Tamalpais' numbers slid from 45 in 1992 to nine last year. Another example: Novato High dropped from 46 in '92 to nine last year. At the same time, Marin high schools continue to send freshmen to Santa Rosa Junior College. Last year, according to the state, 61 San Marin High grads continued their education at Santa Rosa Junior College. Fifty-five Santa Rosa Junior College freshmen were from Novato, 21 from San Rafael High, 31 from Terra Linda High and seven from Drake. In 1992, only three Terra Linda grads entered Santa Rosa Junior College." *Marinij.com, November 2, 2007*
- **The nation's manufacturing sector has taken a turn for the worse:** "A manufacturing index compiled by the Institute of Supply Management weakened to 47.7 in December....The tipping point for the index is 50, with a reading above that reflecting growth. A reading below 50 represents a decline in manufacturing." *Bizjournals.com, December 31, 2007*
- **The conventional wisdom:** Many folks believe that community college enrollments move inversely with the state of the economy: When the economy is down, community college enrollments go up; when the economy is up, community college enrollments go down. According to conventional wisdom, as the unemployment numbers increase (indicating a declining economy), SRJC enrollments should increase also.

Please note the following numbers, keeping in mind that the U.S. economy, including Sonoma County, was in recession in the early years of this decade. Also please note that current U.S unemployment is 5%:

Year	SRJC enrollments (SRJC Fact Books, annual enrollment, unduplicated credit and non-credit)	California Unemployment Rate	U.S. Unemployment Rate
2001/02	61,234	5.4%	4.8%
2002/03	60,353	6.7%	5.8%
2003/04	53,329	6.8%	6.0%
2004/05	50,668	6.2%	5.5%

Chuck Robbins

SRJC Economic Development Institute, January 2008

Previous EDI reports: http://www.santarosa.edu/instruction/jtwd/economic_development_institute/index.shtml