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### SPECIAL REPORT AFTER THE GREAT RECESSION

Dr. Brent Deem and wife Terri walk in their Ringgold yard. He's a radiologist whose job is four hours away. He can't be on the road eight hours a day, and they can't afford to relocate, so he is gone a week at a time. As hard as that is, they say they're luckier than many Georgians.



JOHNNY CRAWFORD / JCRAWFORD@AJC.COM

## Recession tore hole in social fabric

### Pain

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Sjoquist.

An even rougher road may confront those thrown out of work in middle age.

Economist Steven Davis found that men with at least three years on the job who are laid off during a time of high unemployment sacrifice \$122,000 in earnings over the remainder of their careers. That's 20 percent less than if they had not lost their jobs. It's also more than twice the long-term losses sustained by men laid off in good times.

"Getting laid off is a lousy experience in any labor market," said Davis, a professor at the University of Chicago Booth School of Business. "But it is especially bad news for long-term earnings for those laid off when unemployment is high."

In 2008, Anne Wing of Acworth lost her job as a special needs high school teacher at age 58. Since then she's repaired jewelry, pruned bushes, mopped floors at a bank, restocked the dairy case and sliced fruit at a supermarket.

She doesn't think she'll be hired back as a teacher any time soon. "There's a lot of teachers out of work, so why would they hire me?" she asked.

Although it's harder to quantify, labor economists say that even employees who kept their jobs throughout the slump may earn less than if there had been no recession. That's because the glut of qualified workers acts to hold wages down.

"Their wages may not go up as fast," said Sjoquist of Georgia State University.

Compounding our loss of earnings is the widespread loss of wealth. In 2009, Americans' homes were worth \$8.2 trillion less to them than in 2006, according to a study by the Federal Reserve Bank of New York.

That's a 60 percent loss of equity. Despite a modest rebound nationally, equity is still 50 percent below its 2006 peak, the study said.

Stock market wealth also evaporated, which is why household wealth fell from \$65.80 trillion in 2007 to \$49.40 trillion in the first quarter of 2009 according to figures from the Federal Reserve. Half that drop has been recovered, but households are still \$7.7 trillion in the hole.

Metro Atlanta and Georgia have been hurt worse than most other areas, because our economy is dependent on the hard-hit industries of real estate, banking and construction. The downturn drove the state's foreclosure rate to the fourth-highest in the nation. Some 12,467 homes were the subject of foreclosure filings in January alone.

Georgia's unemployment has also been consistently higher than the national average. In January it was 9.7 percent, compared to the 8.5 percent nationally, according to the Georgia Department of Labor.

"We lost jobs faster. We had

a deeper contraction," said Roger Tutterow, economics professor at Mercer University. The region could face eight years of diminished employment, he said, meaning that we're only about halfway out of the hole.

The long-term consequences of the bust are likely to be complex, many-faceted and not measured merely in dollars and cents.

Some groups suffered much worse than others, particularly African-Americans, whose economic progress has been so important to the growth, health and civic pride of metro Atlanta. The collapse of the real estate market has put the brakes on domestic migration — families moving from one region of the country to another — imperiling the steady growth that was another engine of the metro area's prosperity.

Stagnant incomes, less robust consumer spending and diminished property values will continue to take a bite out of tax revenues. School districts will find it harder to build the schools and hire the teachers to educate Georgia's children. Counties and cities will find it harder to build and maintain roads and water and sewer systems and invest in the technology infrastructure needed to stay economically competitive.

And at the most basic level, many Americans may question some bedrock assumptions that have made us the envy of the world: that hard work will always pay off; that our governmental institutions reflect the will of the people; that prosperity is available to all; that each generation will be better off than the one before.

Economists don't paint a totally dark picture. Atlanta has made a career out of bouncing back, and it may do so again. Atlanta's health care and education sectors are two of its best calling cards, said Mike Alexander, research chief with the Atlanta Regional Commission. Metro Atlanta has 250,000 students in local colleges, he said. "We have a strong base of educated people. It bodes well for us."

But bouncing back will take patience and persistence. And those qualities will be demanded of many who, until the recession hit, had seemed financially bulletproof.

"We've got our claws in the wall and we're hanging on," said Dr. Brent Deem, 48, a Ringgold radiologist who lost his job when his stand-alone clinic in Chattanooga was sold

last year. Deem found a new job — 287 miles away in Albany.

He's willing to uproot his family and move, but they invested money in renovating their house — money that they wouldn't recover if they sold now. They've also taken serious losses on other real estate investments, including a piece of land that is worth less than half what they paid for it.

So Deem commutes in an unusual way, working seven days on and seven days off.

Deem and his wife Terri, who have three children, ages 9, 15 and 22, realize that their problems are benign compared to those of people who have lost homes. But living apart is stressful and expensive. "I hate living like this, I can't stand it," said Terri.

Countless other families are coping with similar dislocations.

"It breaks my heart," said Michelle Sutton, 50, who is living with her brother in Barnesville while her husband lives with family in Kennesaw and her ex-husband takes care of their 11-year-old in Cumming.

Anne Wing's five children are grown, though her youngest, 21-year-old Jimmy, dropped out of Kennesaw State University to go to work at the supermarket and help pay bills. He moved back home, and she and Jimmy rent out rooms to help cover the mortgage. John, 25, also chips in.

It grates on Wing, now 62, that instead of helping her children get started with houses of their own, she is accepting help from them.

Wing's ex-husband, who lives in Pennsylvania, owned a small business delivering vegetables to restaurants, but, said Wing, "that business has gone the way of the dinosaur."

So this is where Wing's finances stand: Her house has dropped in value since she bought it for \$154,000, but she's still making the payments. She has no retirement savings, but has a plan to wholesale some of her jewelry designs.

"When I go to job interviews, I get questions like 'Where do you see yourself in five years?'" Ideally, she says, she sees herself in the classroom, teaching. But that future hasn't materialized. Even schools abroad aren't interested in hiring teachers over age 50, she said.

So her solution is a piecemeal approach, and a determination to keep working.

"I probably will have to work two or three jobs, just to keep ends meeting," she said.

### Cost of jobs lost

It's always costly to lose a job, but workers laid off during recessions take a much greater financial hit over the long term. In either case, losses persist over decades. The numbers below apply to men under 50 years old who had at least three years with their employer.

### \$122,000

Laid off in bad times (When the unemployment rate is greater than 8 percent.)

### \$51,000

Laid off in good times (When the unemployment rate is less than 5 percent.)

### Vanishing wealth

By the time the recession officially ended in 2009, the value of Americans' homes and stock portfolios had shrunk dramatically:

### \$8.2

trillion lost in home equity

### \$16.4

trillion lost in the stock market

Sources: The Brookings Institution, Federal Reserve Bank of New York



Anne Wing of Acworth will always be a teacher at heart, but she lost her teaching job in 2008, and at 62, she can't be sure she'll get another. So she repairs jewelry, and she has also done yard work, grocery work and janitorial work. BRANT SANDERLIN / BSANDERLIN@AJC.COM

### DEMOGRAPHIC FEARS

# Population slowdown an ill omen

Metro Atlanta is still growing, but numbers that fueled boom are gone.

By Craig Schneider  
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The Great Recession has been measured in terms of jobs lost, income lost, wealth lost and confidence lost. But in metro Atlanta there's another number that may matter just as much, and it's fallen furthest of all: warm bodies.

Before the recession, the 10-county metro core was adding 100,000 people a year. That's contracted by two-thirds, to an average of 34,000 a year for the past three years, according to the Atlanta Regional Commission. In line with that sobering trend, ARC officials say that when they revise their projections of future growth, last made in 2009, the trend line will be much flatter.

More is at stake than bragging rights. Population growth, in and of itself, was a major driver of the metro economy, creating demand for houses, furniture, health services, groceries, teachers, car dealerships — you name it. More residents also meant more taxes paid to fund schools, roads and other infrastructure and services.

With that virtuous cycle kaput, metro Atlanta remains stuck in neutral, losing ground to several other major metro areas, said Doug Bachtel, a University of Georgia demographer.

"The problem is, you live by the sword, you die by the sword," Bachtel said. "When so much of your economy is predicated on growth, when it slows down, virtually every sector is hurt."

If blockbuster growth is no longer to be a hallmark of metro Atlanta's identity, the region must find new ways to generate wealth, several economists and planners said. Producing more goods and services consumed by people outside the region may be the key, said Terry Jackson, an office director at the state Department of Community Affairs.

"If we can't rely on [population growth], we need to go back to something as basic as manufacturing," Jackson said.

Other regions have found ways to prosper without adding huge numbers of people, economists noted. For instance, Boston thrives because of its universities and the high-tech industries they spin off; Philadelphia has found gold in health care.

### More people not always the answer

Nancey Green Leigh, a professor of city and regional planning at Georgia Tech, sees wisdom in metro Atlanta growing from within, instead of depending so much on an influx of people and corporations.

"You need to look at the skills you have in the labor force, and match that," she said. "We shouldn't omit ideas that tie into university resources, new technologies, new inventions . . . It's time to take stock and strengthen the weaknesses."

In addition to manufacturing, Howard Wial, an economist and fellow at the Brookings Institution, finds promise for Atlanta's economy in the movement and storage of goods. The proposed deepening of the Port of Savannah could be a major boon for the region, he said.

Ditto for health care, he said, which is already a strong producer of jobs in the state. "If you have nationally prominent hospitals, that can draw people," he said.

Despite all the bad news of recent years, there are also encouraging trends, economists said.

For instance, some see signs that companies are thinking twice about shipping manufacturing work overseas.

"The era of mass 'offshoring' may be coming to an end," Wial said.

There are a couple of reasons, he said. For one, labor costs are rising in popular offshore destinations such as China. For another, manufacturers have learned how hard it is to coordinate production and shipping over long distances and contend with differences in language, culture and currencies.

"Sometimes the cost of coordination eats up the cost savings," Wial said.

Mike Alexander, the chief researcher with the ARC, said local chambers of commerce are working hard to recruit employers to come to metro Atlanta. The Metro Atlanta Chamber has issued a 2012 Policy Agenda that encourages more research in the life sciences and the emerging bio-science sector. It also calls for more education in science, technology and engineering.

But even more creativity and effort are needed, Alexander said. "We've really got to redouble our efforts."

Unless that happens, Atlanta may find that failure compounds just as success does, said Leigh, the Georgia Tech professor. If businesses continue to suffer, that will mean less money to build quality infrastructure, which will discourage businesses from expanding, and so on.

"It's a vicious cycle," Leigh said. "We may not be as desirable as other places."

But Atlanta has advantages that can help carry it through rough times, Wial said. Among them are its size and relative economic diversity, he said. Beyond that, Hartsfield-Jackson International Airport and a rich network of interstate highways make Atlanta a major transportation hub. And it has strong universities producing young professionals who can pursue careers here, enhancing the workforce profile.

"Metro Atlanta can stay strong. I don't think it's destined for a decline," Wial said. "It's going through a rough patch, and it needs to do something different."