



EconoMeter: What can local officials do to spur economy?

BY ROGER SHOWLEY

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Ask the economists: Each week the Business section will ask its panel of economists to weigh in on an economic issue of concern to San Diegans. They'll answer yes or no, up or down or give a neutral response. Sometimes they might be unavailable to participate. If you have a question you'd like them to address, send it to roger.showley@uniontrib.com.

This week's question: Will San Diego be better off in 2011 than in 2010? What can local officials do to spur the economy and solve their chronic budget deficit problems?

Marney Cox, San Diego Association of Governments

Answer: Yes

There is good evidence that the local economy improved as 2010 progressed, establishing a trend that is expected to carry over into 2011.

From January through November 2010, more than 16,000 jobs were created, the unemployment rate declined by 0.7 percentage points, and regionwide taxable sales increased during each of the last three quarters with the ending quarter more than 8 percent above the same quarter last year.

Although the local economy during 2011 is expected to outperform 2010, problems remain that will keep the economy's growth rate in check. To counter these drags on the economy all three levels of government can encourage more growth by not raising taxes or passing

The verdicts from our experts:

Yes: 8

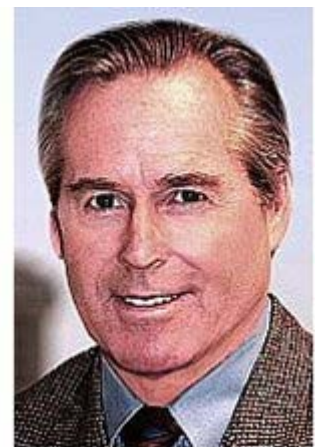
No: 0

Will San Diego be better off in 2011 than 2010?

Yes

No

or [See results](#)



Marney Cox

new regulations that would deter new businesses from starting or existing ones from expanding.

Enabling healthy sectors of the economy to grow may be the best prescription for “chronic budget deficit disorder.”

Kelly Cunningham, National University System

Answer: Yes

By several measures, San Diego will continue improving in 2011. The economy is expanding, although the growth rate will slightly fade as federal and military stimulus spending starts to recede. Slowing growth does not portend well for much needed job creation.

Employment gains will certainly be an improvement over the losses recorded the previous few years, but lackluster job creation persists. Growth among key local technology sectors will slowly begin stimulating other industry expansion. Personal income and sales activity are picking up by incremental amounts.

Real estate still struggles from overhang of unsold and repossessed properties, but will improve.

Alan Gin, University of San Diego

Answer: Yes

There will be some improvement in the labor market in 2011, with the local economy expected to add 10,000 to 15,000 jobs over the course of the year and the unemployment rate forecast to fall below 10 percent. The rebounding economy will produce more revenue to help local government, but painful budget cuts will still have to be made at both the local and state levels.

The overall local economy will be impacted by forces largely out of control of local officials, but assistance can be provided on a case-by-case basis to firms that want to move to San Diego or expand their presence here.

James Hamilton, University of California San Diego

Answer: Yes

There are some areas in which we could see further deterioration. For example, further declines in house prices are a possibility. But overall, the economic recovery is gaining momentum, and I expect to see continuing improvements for the key broad indicators such as income, employment and retail sales.



Kelly Cunningham



Alan Gin

In terms of the city budget, we need a salary freeze in order both to control current costs and to contain the ever-growing future pension liability.

I also endorse Councilmember Carl DeMaio's proposal of shining a brighter light on the whole process by posting on the internet details of all city compensation (salary plus pensions) and contracts.

Gary London, The London Group



James Hamilton

Answer: Yes

2011 is likely to be the first significant year of employment growth in several years. Local officials have to encourage growth and development, a philosophy that has mostly eluded them in 2010. Public policy focused on continuing to plug away at fiscal imbalance is important. But even more importantly, the civic dialogue ought to revolve around the purpose of a city. What services are necessary, what aren't; what

can be conducted by the private sector; what can be provided by volunteers. From a pure economic standpoint, public officials need to better understand the true 'drivers' of our economy, including real estate development, small businesses and the technologies, and create clearance for job growth. I am actually quite hopeful and optimistic for this year.

Norm Miller, CoStar Group

Answer: Yes

Government, especially local governments, can't do much to create jobs. Politicians want to act like they can create jobs, but they can't create any sustainable jobs other than expanded government jobs, which we don't want. The best we can do is to create an environment that is conducive to creating jobs and that means:

- 1) Keeping housing more affordable with lower impact fees and allowing more density
- 2) Try a lobby for state tax credits for businesses that hire



Gary London



3) Create an agency to help employers find skilled workers by working with all the local universities and community colleges.

Norm Miller

Lynn Reaser, Point Loma Nazarene University

Answer: Yes

San Diego will be better off in 2011 than in 2010. Consumers and businesses should be more confident about the future and more jobs will be created. Biotech, cleantech, tourism, health care, telecommunications, international trade, and the military will all support growth.



Lynn Reaser

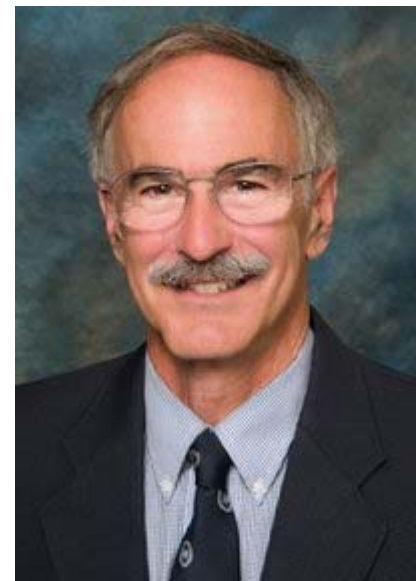
Local officials need to finally take a hard look at the regulatory burden faced by San Diego businesses, especially as regulations duplicate or conflict with state and federal laws.

In a year where state and federal funds will be much more scarce, budget cuts will be required. The public pension liability must also be addressed, including scaling back the cost of health benefits and shifting to a defined-benefit retirement program.

Dan Seiver, San Diego State University

Answer: Yes

U.S. economic growth will pick up speed in 2011, and this rising tide will lift many boats, including California and San Diego. Even the housing market should finally turn in 2011. Cities like San Diego have very little power to influence this tide.



Dan Seiver

The dire outlook for the city budget, however, can be tackled by a courageous Mayor and City Council. I have stated before that the DeMaio plan offers a very good starting point. Most importantly, pensions will have to be reformed, and eventually city employees will be shifted to a defined-contribution plan, with those employees remaining in defined-benefit plans accepting lower future payments.

City health costs will also have to be reined in. Some of these savings will have to be devoted to our crumbling infrastructure, however. "Reorganization" savings will involve painful service cuts, which city leaders will have to sell to San Diegans as necessary shared sacrifice.

Find this article at:

<http://www.signonsandiego.com/news/2011/jan/08/econometer>

Check the box to include the list of links referenced in the article.

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