



## Rotary Club of Dalton Newsletter

<http://www.daltonrotaryclub.org>

### This Week:

December 8  
Robin Lindsey  
*Christmas Message*  
**Board Meeting**

### Upcoming Meetings:

December 15  
Bill Ireland  
*First Baptist Men's*  
*Ensemble - Bryan*  
*McAllister*

December 22  
**No Meeting**

December 29  
**No Meeting**

### Club Officers:

#### **Jason Parker**

President

#### **Bruce Satterfield**

President-Elect

#### **Frank M. Hogshead**

Secretary, Treasurer

#### **David Aft**

Immediate Past President

#### **Teresa Carter**

Club Administration Chair

#### **John Hutcheson**

Public Image Chair

#### **Rick Cobb**

Membership Chair

#### **Janice Kiker**

Community Service Chair

#### **Scott Rhoden**

Youth Service Chair

#### **Kevin Brunson**

Vocational Service Chair

#### **Archana Srivastava**

International Service

Chair

#### **Greg Dent**

Foundation Chair

## An Economic Analysis from David Pennington

By: John Hutcheson



Former Dalton mayor David Pennington III was introduced by fellow Rotarian John Didier, who pointed out that economic issues were the primary focus of David's gubernatorial campaign in 2014. Recalling James Carville's advice in 1992 to Bill Clinton's presidential campaign that "it's the economy, stupid," David emphasized that without a healthy economy every other issue becomes secondary, and whether they agreed with him or not, he challenged his audience to think about the current economy in its national, state, and local contexts.

Nationally, David found it "amazing" that after six years of interest rates at virtually zero there's been little or no inflation, and many key indicators have remained flat or declined. Growth in real wages since 2009 has been negligible, despite a drop in unemployment from 10% to 5.9%. Labor force participation is currently 62%—the lowest since the 1970's—and the recovery overall is the first since World War II in which GDP hasn't grown by at least 3% in any year. Productivity declined 1.9% in the first quarter of 2015, and factory orders in October were down for the third straight month. Nearly 70% of small business owners see the economy as only fair or poor in this sixth year of recovery.

In Georgia, median family income fell 16% from 2006 to 2013, as higher-paying jobs were replaced by lower-paying ones. Moreover, 82% of all new jobs created this year have been in Metro Atlanta, leaving much of the rest of the state, especially the rural areas, in great difficulty. Even then, Atlanta has been ranked the 4th worst city in the U.S. in which to build wealth. Financial well-being in the state as a whole is the 3rd worst in the country, with the nation's 3<sup>rd</sup> highest uninsured population and Valdosta, Macon, and Albany as three of America's seventeen poorest cities.

Dalton's median income fell from \$46,000 to \$37,000 between 2010 and 2013, and the city's poverty rate stands at 26%. Whitfield County's poverty rate is 21%, and between 2002 and 2012 the county lost \$120,000,000 in annual payroll. Overtime work is a thing of the past, as is the boomtown atmosphere many older and middle-aged Daltonians grew up with.

David argued that the key to understanding what's gone wrong lies in the decline of the small business sector. Noting that small businesses generate two-thirds of new jobs in the U.S. and are the main source of innovation, he pointed to a steady reduction in new business formation since the 1990's—in 2012 that rate was 30% lower than in the 1980's. Large-scale enterprises now dominate local economies, and workers' share of

corporate income has fallen to its lowest level since 1951, standing now at \$3,770 per worker. There is much less competition for labor, and available jobs are likely to carry few benefits.

A community's small businesses and local banks constitute their own ecosystem, interacting with each other to everyone's mutual benefit. The arrival of big chain stores and regional or national banks drains off equity and profits from local concerns, who find it increasingly difficult to acquire capital—lending to small businesses by the top ten U.S. banks today is down 38% from its 2006 level and small businesses needing loans are referred to high-interest lenders. Dalton was formerly a case of "small businesses on steroids," but those days are no more. The change can be seen in the Dalton Rotary Club itself, where shrinkage in the number of small business members over the years has made it what David called "a perfect example of a struggling ecosystem." If the small business economy isn't turned around, our best days are over.

Responding to questions, David called for breaking up the big banks and restoring the Glass-Steagall Act's separation of commercial and investment banking. Government's scope should be shrunk—its over-extension reflects the influence of big business, whose interests it primarily serves. Dalton retains many of its assets, including location on I-75, supportive and well-managed utilities, and a relatively strong industrial base, though that's unlikely to grow more and no longer justifies "Carpet Capital" complacency. The future should be built around Dalton State College and Hamilton Medical Center, which will produce and attract highly educated people in high-paying jobs. Dalton will remain the economic hub for Northwest Georgia, but its recovery must be led by small businesses.

## Birthdays & Anniversaries

<u>Member Birthdays</u>	<u>Birthday</u>
Burt, Amanda	11-Dec
Barnwell, William L (BILL)	14-Dec

<u>Partner Birthdays</u>	<u>Member Name</u>	<u>Birthday</u>
Parrott, Eugenia	Parrott, V DeForrest III	10-Dec

<u>Member Anniversaries</u>	<u>Start Date</u>	<u>Years</u>
No member anniversaries this period.		

<u>Wedding Anniversaries</u>	<u>Partner's Name</u>	<u>Anniversary</u>	<u>Years</u>
Johnson, Larry Alan	Kathy	8-Dec	31
Wright, Thomas L	Joanne	12-Dec	56

## Four Way Test

