

National economic woes not felt locally

By: Patrick Thornton

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Wall Street is bracing for a recession, but local economic observers aren't predicting doom and gloom on Main Street quite yet.

The Federal Reserve cut two interest rates Tuesday – the largest decrease since 1984 – in the hopes of restoring confidence in the U.S. economy as stocks fell.

The move is a play to send a signal to investors worldwide that the Fed understands the seriousness of the situation, said Randy Cray, director the Central Wisconsin Economic Research Bureau and a professor of economics at the University of Wisconsin – Stevens Point.

"The Subprime collapse has had far-reaching implication," Cray said. "We have seen a spike in foreclosures, and banks are writing off billions in bad securities."

As a result, Cray said, businesses and consumers are going to spend less, and the economy will contract.

"This needs to be reined in," he said. "The fear is this will lead to more difficulties to come."

Portage County hasn't seen all the telltale signs of an economic downturn. Home sales are steady; foreclosures have not jumped, and banks are continuing to lend money. There are, however, more delinquent taxpayers than in years past, said Bo DeDeker, the county's finance director.

Fred Steffen, a broker with ReMax in Stevens Point, said home sales were down less than 5 percent in 2007 from the previous year.

"That's still one of the top five best years we've had; it's a typical steady market," he said. "We're just fine."

Banks still are making deals, said Bob Schmidt the regional president for M&I Bank in Stevens Point.

"We haven't turned off the lending side," he said. "There is nothing forecasting an economic downturn."

In fact, Schmidt said now is a good time for people to refinance loans because rates are at a four year low.

"In this area, with the University (of Wisconsin-Stevens Point) and Sentry Insurance and others there are some major contributors that remain pretty solid," Schmidt said.

Cray said there is a 50 – 50 chance of a national recession. He said the economic stimulus package being discussed by lawmakers may be "too little too late."

"Congress moves incredibly slow, and the world's economy moves rapidly," Cray said. "Congress needs to get its act together and do something concrete."