

Economic summit indicates local strengths and weaknesses

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There was some straight talk Wednesday at the 8th annual Kern County Economic Summit.

Noted economists weighed in on current trends that will affect your quality of life for years to come.

LA based economist Christopher Thornberg believes the nation is tipping into a recession, led by the collapsing housing market and that California is already there.

Thornberg said, "Looking across California, Bakersfield and Kern County is one of few places of strength across California. Think back to 2001, most of the economic turmoil was in the Bay Area. The center of the tech boom and the center of the tech bust. This time around, you see weakness in every market. Bakersfield is one of the few places in California that's actually adding jobs because of the strong presence of the commodities industries here. Every where else is not doing too well.

As far as the housing market bottoming out, Thornberg believes we're only halfway there and it won't stabilize until home prices drop to a level that's on par with people's incomes.

Thornberg believes there's plenty of pain yet to come.

"We're no where near the bottom of this. Goldman Sachs came out with a report yesterday and said there's going to be about \$1.2 trillion in losses to our financial system before this is all said and done. We're about \$100-billion in. Ninety percent of the losses are still out there to be declared," said Thornberg.

As far as the mortgage crisis is concerned, Thornberg described the abuses of the financial system as extreme, and said Bakersfield's housing market may actually get hit harder than the rest of the state because of the high proportion of sub-prime loans taken out here.