



PRESS-REGISTER

RSA chief Bronner says U.S. economy remains vulnerable

Tuesday, August 18, 2009

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POINT CLEAR — The American economy is like an infant that can't protect itself, and thus is vulnerable to all kinds of threats, warns David Bronner, chief executive of the Retirement Systems of Alabama.

"It's such a baby economy that anything bad that normally we can handle, we can't handle right now," Bronner told members of the Southern Economic Development Council, who gathered Monday at Marriott's Grand Hotel for their annual meeting.

The chief of Alabama's state pension system said the essential weakness of the economy is that consumers are frightened by high unemployment and other factors. He also said a number of additional crises could cause consumers to "freeze" even more.

"When they freeze, you have no consumer buying," Bronner said. "When you have no consumer buying, the economy can't grow."

One problem is that so many countries and sectors all turned down at the same time.

"You can't come back unless you have someone leading the way, and if you wipe out the whole army, you've got no one to lead the way," he said.

Bronner said that he expects unemployment to continue to rise for some time and more failures among companies that own malls and other commercial real estate. He said he thought the worst parts of the crisis were over for the banking and auto sectors, though.

But the banking crisis will have lasting effects on credit availability, he told the assembled group of economic developers.

"Clearly, the greatest challenge you'll have in economic development in the foreseeable future, by which I mean the next three to five years, is going to be financing projects," he said. "Our financial system of two years ago, or of five years ago, is gone."

Bronner said investors were unsettled by the frequent changes of plan that accompanied early efforts to reply to the real estate, financial and auto industry crises. He said he told federal officials at the time that he was not confident in their approaches because no one could tell the depth of the problems in the financial system.

"I said, 'What in the hell are you talking about, feeling confident?' All you're doing is taking a truckload of your money and dumping it in the hole."

Bronner also said he thought the huge expense of the AIG insurance bailout had been lost on the public compared to the auto industry bailout, especially considering how few jobs were at stake.

The meeting of the economic development group, with about 270 attendees representing 17 states, continues today at the hotel.