

Outlook

The Go-To Guys

Saturday, June 27, 2009

Banaian, who has participated in more than 40 off-campus speaking engagements and countless media interviews in the past year, jokes that he kind of misses his life as the “Maytag repairman,” referring to the relatively stable years before the economy plummeted and the public started clamoring for answers.

“Fifteen years ago this topic was unsexy,” said Banaian. Now that many of the unfavorable circumstances he’s been teaching about – and some the books didn’t cover – have come about, the incredible knowledge of local fiscal data and business climate he and MacDonald have amassed makes their kind of expertise a hot commodity.

“We always wanted to get out of the Ivory Tower,” Banaian said. “Now we’re being invited out.”

MacDonald and Banaian, the experts behind the 11-year-old St. Cloud Area Quarterly Business Reports they share with the region through the St. Cloud Times Media-published ROI Central Minnesota magazine, take seriously their roles as translators of academic economics and complex business data. They don’t always agree on the fine points of their economic forecasting – or their politics – but they do share a commitment to “keeping it real” for the public.

Their expertise has been tapped often this past year as Central Minnesotans struggled to get their heads around rapidly deteriorating economic circumstances. “They get high marks for accessibility, credibility and candor,” said John Bodette, executive editor of the St. Cloud Times, where the names Banaian and MacDonald have appeared in dozens of stories aimed at helping readers sort out the impact a global crisis will have on their own bottom line.

“Economics has to be personal for people to be interested, and now it’s personal,” Banaian said. “This crisis is harrowing for people. It’s their house, their job.”

“King delivers valuable information that business owners can put to work right away,” said St. Cloud Area Chamber of Commerce President Teresa Bohnen ’81 ’84, who has called on Banaian in recent months to speak at several Chamber and civic events.

“He really speaks the language of business.”

While Banaian is the more visible face of the team, MacDonald has been putting his personal stamp on the Quarterly Business Report since 1998, when he and former St. Cloud State Professor Mark Partridge started preparing their first four-page report, which they distributed to a couple hundred businesses. The report began with the Chamber sending feelers to its members on their behalf, trying to gauge interest in such a venture. The interactive process of gathering feedback from area businesses ranging from restaurants to construction to banking has been finely honed since those early days. Now MacDonald sends quarterly surveys to an exclusive list of contributing business leaders only he can name. They send their responses to him with hand-written observations that enrich MacDonald’s analysis and give him ideas for future survey questions.

Five years ago Banaian, who is chair of the St. Cloud State Department of Economics, added his expertise in data analysis and presentation to the Quarterly Business Report enterprise. “King’s data skills are better than anybody I know, and he’s made a big difference,” MacDonald said. “We have a good collaboration. We challenge each other.”

“The kind of outreach we have with the report is pretty rare,” MacDonald said. “Every quarter we come up with special questions, collect data and put together a useful, understandable report.”

"Rich and King have a following here," said Tom Moore '78, president of the St. Cloud Area Economic Development Partnership. Moore, St. Cloud, doubts there's another community the size of St. Cloud that has the benefit of such in-depth research and information on the local business scene. "The business reports provide valuable information for businesses already here as well as for companies we're trying to attract to the area," he said.

"Our mission is to help create more jobs that pay well," Moore said. "One of the reasons the Partnership sponsors the reports is when companies are looking for information about this region, they can go to our Web site and find it in current and past Quarterly Business Reports," Moore said. "We're really fortunate to have them."

MacDonald said he frequently gets inquiries from other university economics departments asking for information on how they accomplish this unusual effort. "When they find out the scope of this project, they aren't willing to put all the work into it."

The efforts have paid off. "Each Quarterly Business Report is the basis of a front-page story in the Times, and the report is referenced in numerous other stories – most of them on page one," said Sue Halena, managing editor of Times Media. The shift to ROI Central Minnesota magazine in 2005 helped make more Central Minnesota readers aware of the report, she said.

"They've been a wonderful addition to ROI," said Bodette of the MacDonald-Banaian collaboration. "They're two top economists interpreting data and telling us what it all means. ... They really try hard to put it in terms people understand." Bodette also appreciates the care Banaian and MacDonald take with interpreting their information. "They weigh their words carefully. They don't try to be alarmists."

The University has tremendous potential for sharing its intellectual resources with the community, Bodette said. "These economists are examples of two who put all the talent they have to work."

MacDonald and Banaian said the value of connecting and offering expertise beyond campus was handed down by senior faculty mentors such as Hal Lofgreen and Bill Luksetich and is shared by department colleagues.

"How many products do we have at the University that are a collaboration of the University, one of its departments, the Economic Development Partnership and the media," MacDonald said.

And their students? The current economic crisis has infused a lot of energy and intellectual interest into the study of economics, and the Student Economists Association has been particularly active this past year in organizing focus groups and panels to explore the unusual circumstances occurring in their discipline.

"It's great to be able to share the benefits of our outreach and the perspective it brings," said MacDonald, who noted, "We can walk into a classroom and tell our students about what's going on in the local economy. There's nothing more interesting than reality."

MacDonald's perspective on the economy:

"The last really bad recession is what turned me into a Ph.D. economist. When I started grad school in 1984 we'd just rebounded from a rough three-year economic period. Economics was something to really sink your teeth into."

"I am concerned that the current economic weakness includes elements of structural change that ultimately will reduce our rate of long-run economic growth."

"Improved economic and financial education is on anyone's short list for what should be undertaken to prevent this type of financial crisis from happening again."

"I believe we will begin an economic recovery when households have repaired their balance sheets."

Banaian's perspective on the economy:

"The Fed has emptied the holster. They've used all the tools at their disposal."

"In the Panic of 1907, the last panic before the formation of the Federal Reserve, banks were teetering on collapse. J. Pierpont Morgan gathered bankers in his home and said to them: 'I'm putting money in. Won't you join me?' Now bankers seem to expect government to do it."

"Banks have changed. Big banks have gone into other stuff. Not all the banks are like the Bailey Building and Loan in 'It's a Wonderful Life'."

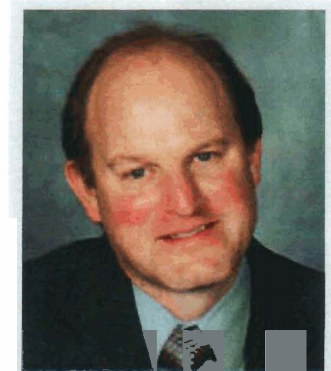
Some Banaian predictions from the Winter Institute:

1. Oil prices will come up
2. Mortgage rates will be stable
3. Keep an eye on timber prices, and
4. St. Cloud's economic base to build on: Health, education, business services and transportation

Rich MacDonald

Rich MacDonald splits his professional time between St. Cloud State's Department of Economics and the New York-based Council for Economic Education. It's a mutually beneficial situation he refers to as "a beautiful relationship."

The dual career was launched late in 2007, after 14 months on leave from St. Cloud State serving in a position of influence for K-through-12 economics education as the Council's vice president for programs in New York. MacDonald turned down the Council's offer of a full-time position, but he accepted a compromise.



Now he works three to four days a week with the New York organization. "I had to make a decision – where did I want to be? The answer was I wanted to live in Minnesota," said the Dansville, N.Y., native. "This is a good place to live and send kids to school. And I have this ability to live a nomadic lifestyle out of a suitcase."

As the Council's senior advisor for program development, he is an integral part of a leading economics and financial education organization that has extensive programs throughout the United States and in many countries around the globe. "It gives me a lot of national presence," said MacDonald, who also serves on the State Council of Economic Advisors.

Along with the extensive outreach he does with the Central Minnesota business and economic development community, MacDonald's multi-faceted career gives him a unique perspective to offer his students. "It's great for them to share the benefits I gain from my work."

King Banaian

Growing up in New Hampshire, King Banaian and his businessman dad did some of their best bonding reading stock listings and watching Louis Rukeyser help ordinary Americans understand economics through public television's "Wall Street Week." Now Banaian, professor and chair of the St. Cloud State Department of Economics, is helping Central Minnesotans understand the economics of a crisis that's brought the problems of Wall Street into their homes.



While Banaian is too prudent to offer absolute predictions on the outcome of the current economic downturn, he recalls that historically every time the stock markets would "crash," it took less time to rebound. "I remember Rukeyser saying the sun will come out tomorrow, but in the meantime it was 'eek' and 'ouch'."

Often referred to in the media as a "conservative blogger and radio personality," Banaian has been bringing considerable first-hand experience with global economics to his classrooms since he came to St. Cloud State in 1984. He has done professional consulting work in such countries as Egypt, Indonesia, Macedonia, Armenia, Mongolia and the Ukraine. He spent a year in the mid-1990s in Kiev advising the National Bank of Ukraine on how to build a viable economic system – teaching them macroeconomics. "I developed a forecast for inflation in that country that worked reasonably well for several years."

When it comes to forecasting the economic future for Central Minnesotans, Banaian takes his responsibility seriously. "This is a small economic community," he said. "What I say has an impact on the psychology of that community. We were very cautious about using the word recession. When we finally used it, it was accepted because we eased into it. Everyone was saying, 'Yes, you're right'."

- *Marsha Shoemaker*