

What's In The Numbers?

By Gil Mathew, President/CEO
Nevada County Economic Resource Council

Are we in a "slow-down," a "recession," a "market adjustment?" We might look at the numbers to help figure that out. But, while numbers are a help, they do not always reflect the whole truth. In the last *Nevada County Business News*, the employment figures from the "Top Fifty Employers" as of May 8, 2008 showed an increase of 118 employees over the March 8, 2008 figures. Most of the increases were in Manufacturing/Electrical and Dealer/Raw Materials - up by 106 in these two categories. But if you stand around the check-out counter at the supermarket, you will hear that things are bad everywhere. So what do we believe the numbers or the talk? Both.

The economist that proclaims the acceptable level of unemployment is "x," is the guy who still has a job. A slow-down is when our neighbor loses his job, and a recession is when you lose yours. The guy in the supermarket line may well be the neighbor of the guy who lost his job.

It's true that Nevada County is fortunate to have the export manufacturing sector that is doing very well, and employment is up in this area. These companies export product and import wealth, a great combination for a healthy economy. And when you look at the other numbers from the *Business News* and see that there were also job increases in both Retail/Grocery and Service/Leisure, one might conclude that all is generally well.

But, let's look more closely at what might be behind the numbers. Yes, some retail is up and some leisure is up, but when you consider the increased cost of fuel, perhaps we are not traveling to Roseville to shop or have a facial. Look at the report out of Thomasville, Alabama as reported by the Associated Press. "Residents in once sleepy Thomasville have started complaining about traffic jams on Route 43." There are now traffic jams as people who used to travel 100 miles to Mobile to go to the mall, now stay in town. Shopping in Thomasville is up, and so is traffic. Might the same be true here? And what if fuel prices go to \$6 or \$7 a gallon? Will the Brunswick Basin come to a standstill because of too much traffic?

So, while increases in fuel costs will continue to hurt the Retail/Auto category as report in the *Business News* numbers, where it showed a five employee decline, it could cause greater local shopping. And if the half-cent sales tax makes it to the ballot and is approved, that just might be the solution to a lot of local problems, and help rid the congestion in Brunswick by building the Dorsey Drive interchange.

Remember in court when you are asked to tell the truth, you are also asked, to tell the whole truth. And the whole truth is; making sense out of numbers is difficult, and if you are not careful, you can draw an incorrect conclusion. So, look for what drives a number and see where the other consequences might be.

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