**The Economic Downturn**

Professor Gary Painter discusses the recent meltdown with Christine Abboud and Jason Wise.

*What happened in the housing market for it to collapse so low and so quickly?*

Obviously, we saw a spectacular rise and a spectacular fall in house prices. To understand what happened recently, we have to understand what drove up the prices. As in all markets, price is determined by supply and demand. In many markets, supply was coming online much slower than demand. Demand was going up because of strong economic fundamentals, but also because of high expectations of future price growth. Even though some argued that people should not have had such expectations, the market clearly was acting as though people did. Finally, easy credit fueled the buyers’ ability to obtain financing even with ever higher house prices. This later factor proved to be the undoing of the market.

*What do you believe is the primary cause of the economic downturn, especially in the last few months?*

The resulting crash of the credit markets has led to the current economic downturn, and it will take time for financial institutions to become strong enough to start lending at healthy levels again. In the mean time, there will be job losses, lower prices, and a longer recession than we have experienced in many years.

*Could this downturn have been predicted? Was it predicted?*

While many thought that the run-up in house prices was due to stop, no one fully appreciated how quickly the decline in house prices would lead to a freezing of the credit markets. This was primarily due to the fact that there were no good models to predict how the market for mortgage backed securities should be valued in 2006.

*(DOWNTURN continued on page 3)*

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**Alum Profile: Meg Barclay**

*Legislative Analyst for the City of Los Angeles*

*Interview by Brian Randol*

**Tell us about yourself.**

I received my MPP from SPPD in Spring 2004. Before that, I received my Bachelor of Science degree in zoology from the University of Washington in 1996. After college I worked as a technician in a biochemistry lab at Cal Tech while doing volunteer work in the East LA neighborhood where I live. I also was involved with the Lincoln Heights Neighborhood Council, and while there I became interested in earning my master’s degree.

**Tell us about your job at the Office of the Chief Legislative Analyst for the City of Los Angeles.**

I work as a legislative analyst, where I staff one standing committee, the Housing, Community, and Economic Development Committee, and two ad hoc committees, the Ad Hoc Committee on Homelessness and the Ad Hoc Committee on Gang Violence and Youth Development. I help facilitate the legislative process, work with City Council staff to accomplish their objectives, and do policy research and provide recommendations as instructed by Council.

**How has the current economic downturn affected your work?**

It has affected the availability of financing for affordable housing, especially related to private financing, such as tax credits and bonds.

**What major new issues are you seeing in committee as a result of the economic downturn?**

Any new legislation addressing foreclosures comes through the Housing, Community, and Economic Development Committee. The City recently received a $32 million allotment to address foreclosures, and any measure related to the implementation of that program goes through committee.

**What did you find most valuable about the SPPD MPP curriculum?**

I enjoyed the quant stuff the most. I don’t necessarily use it on a day to day basis, but it makes you a good
Incoming Student Survey

This past Fall we welcomed 37 new MPP students to SPPD. We surveyed the first year students to learn a little bit more about their background, interests, and future goals. The most common background areas are education, economy, and housing. Given that problems in each of these areas regularly make the news, it is no surprise that nearly 75% of respondents intend to study the same policy area. Prior to joining the SPPD family, an equal number of students were working in the public and private sector. Many of our students also worked for non-profit organizations and foundations. After completing their MPP, many of our students hope to work for the public sector and non-profits. SPPD’s MPP class of 2010 is looking forward to a challenging and exciting two years!

Meet a First Year

Rohini Thukral chats with first-year student Tiffany Chao to learn how her time in southern China and South Africa led her to SPPD.

Was there one defining experience that sparked your desire to pursue graduate work?

My first job managing two garment factories in southern China changed everything. I remember in particular one evening at 6 pm, when more than half of the shipment was unfinished, scattered about the tables with no buttons or packaging. I pleaded with the employees to help me finish so that we could make our 8 am deadline. As I helped the workers sew buttons on unfinished garments, I became acquainted with them and learned how life in that sweltering factory was actually a relief from a fate toiling in fields. I knew then I was here to help people live healthy and productive lives.

How did your experience volunteering in South Africa influence your interest in public policy?

Upon returning to the States, I assisted a former professor with a service learning project in South Africa. We volunteered at health clinics and AIDS orphanages throughout Johannesburg and Cape Town. My most memorable experience was Acres of Love, a non-profit that cares for abandoned HIV/AIDS infants and children. Acres of Love found one young man at the age of 15 living in a burned out car and killing pigeons to feed his three younger brothers. Now 19 years old, he will attend college next fall.

Where do you see yourself in 10 years, and how will SPPD help you get there?

I want to witness the positive effects of micro-financing on alleviating poverty, and see empowered people pulling themselves and their countries out of poverty. At SPPD I will explore how public policy and political theories may offer solutions to the ‘real world’ dilemmas of domestic and international development.
Job Searching Tips

by Abby Goldstein

Although the current economic climate does not lend itself to new hiring, do not despair! Whether you are a current student, recent graduate, or looking to transition, there are many ways to maximize your future opportunities.

Build your network before you need it. Attend SPPD and Career Services networking events and career fairs. The holiday season is also a great way to get back in touch with former supervisors and colleagues by sending contacts a quick update on where you are and what you are doing.

Request informational interviews with companies in which you may be interested. These interviews are designed to gain insight into the company and field. Employers will be impressed with your initiative and have your name on file when job opportunities become available. This is a great opportunity to ask your interviewer how he or she got this position.

Join Professional Organizations. Professional networks such as ASPA, APPAM, and ICMA are great ways to network and receive exclusive job postings.

Don’t be afraid of unpaid internships. If you can afford to do so, unpaid internships are a great way to demonstrate your dedication and work ethic. Unpaid interns are often necessary during a company’s restructuring process, and position you for paid positions when they become available.

Create a LinkedIn profile. The website www.linkedin.com allows you to search for past co-workers with whom you may have lost touch, as well as build your network of current contacts. Don’t forget to join the SPPD group!

Utilize Career Services. Career Services sponsors an array of career fairs, networking events, and professional mentorship programs. You may also wish to consult the Career Services Guide for Graduate Students.

Please visit: http://www.usc.edu/schools/sppd/careers/.

(DOWNTURN continued from page 1) Analysts used old data, and the models could not be trusted.

What do you think of the bailout/rescue package? Will it eventually succeed in strengthening our markets?

The bailout package has evolved to a point where the funds are focused in a way that will probably do the most good. The initial proposals, like purchasing bad loans, would have done more long run harm for less initial good than buying stock in the banks.

What do you think of the massive deficit this nation is running, especially after the bailout package?

The massive debt is frightening given the future obligations from Social Security and Medicare. It will be very important for President-elect Obama and Congress to present a long term plan that addresses long term deficits in addition to the various economic reforms in the short run.

How do you think President-elect Obama will do based on his economic proposals?

When you are a candidate, it is easy to promise more than you actually deliver. Many of the proposals are quite costly, and the government will likely have to focus on a small number of them.

And how do you think the new President and his economic policies affect the value of the dollar?

First of all, far more than what the president does impacts the value of the dollar. If the U.S. goes on a spree of bailing out everyone hurt in the economic downturn, then the dollar will sink due to the massive increase in the debt. If the President works closely with the Federal Reserve, and engages in sound policies that address the short and long run economic concerns then there will be a positive impact on the dollar.

We wish all of our Trojan family members a joyful holiday season and a peaceful and productive New Year!
Our Achievements

In the Region and Around the World

Jeremy Scharfenberg (2001) is a Manager at ICF International specializing in global climate change, sustainable development, energy efficiency, and water resource management. He recently spent two years in Los Angeles developing and implementing an award winning ENERGY STAR Homes program for Southern California Edison. He currently works in Washington, D.C. and his project portfolio includes corporate environmental sustainability, the Green the U.S. Capitol Initiative, and supporting national greenhouse gas regulatory efforts.

Tony Silbert (2002) is teaching a class on grantsmanship at SPPD, and has recently published three articles on the topic: "Grant Seeking in Tough Economic Times," Grant & Foundation Review, CharityChannel.com, Oct. 8, 2008; and in Foundation & Corporate Grants Alert “Funding Q&A” - Questions you should ask potential grant writers” (Nov. 2008) and “Professional training for grant writers” (July 2008).

Francisca Ferrar (2005) was married to Jaime Gonzalez on August 31, 2008; they honeymooned in Jamaica. Francisca is a Management & Program Analyst for the U.S. Citizenship and Immigration Services (Department of Homeland Security) in Laguna Niguel, CA.

Brissa Sotelo (2006) is engaged to Mauricio Vargas. They will be getting married in August 2009. Brissa is External Affairs Manager for Tesoro Refining AND Marketing Company.

Rana Lintotawela (2007) wrote from Darfur to tell us that she is managing relief programs in Sudan for Relief International. She is based in Los Angeles but travels frequently to Sudan to oversee program implementation.

Beena Patel (2008) recently was hired as a Public Policy Specialist at B & D Consulting (www.bakerd-consulting.com), the consulting/lobbying arm of Baker Daniels, LLC. She will be based in Washington, D.C., as will a number of other 2008 alumni including Jennifer Breckheimer (Deloitte), Farhanaz Kermali (GAO), Delia Zee (GAO), Rebecca Gruskey (OMB) and Nora Stein (OMB).

Nick Williams (2008) is cutting his teeth as a consultant at NPO Solutions, a boutique consulting firm for non profits located in Studio City.

Carlo Romero (2008) has a front-seat view of recent economic events from his position working on Tax-Exempt Capital Markets for J.P. Morgan in New York. His group arranges financing for tax-exempt issuers including states, cities, hospitals, public utilities, and universities.

Also from the class of 2008, our three “Andreas” are all pursuing interesting directions. Andrea Chinchilla is Management Analyst for the U.S Office of Inspector General - Veterans Affairs Department, in Los Angeles. Aundreia Cameron is a law student at the University of Iowa College of Law, and Andrea Iloulian is working for Maximus Consulting based in Los Angeles.

(BARCLAY continued from page 1) consumer of information from other sources. The quant components also establish a thought process that is helpful. The economics training was useful, and to have that perspective and vocabulary helps in my anti-poverty and human services work.

What advice can you give first and second year MPP students about ways to use their time outside of class?
Internships are not to be feared for taking away from coursework if you find a good one. I did several internships and they led to a really good opportunity. I was thinking about my professional development, which for me was important because I was changing careers. I think they can add to the experience of getting a degree in terms of what a professional environment involves and how you can function in that environment. It is a good source of “training wheels” for your career, and it adds to your academic experience. If you can get an internship you care about, even better.

Please share your personal and professional triumphs for our next newsletter. Do we have all of your correct contact information? We hope to stay current so that we can stay in touch! Send to Juliet Musso (musso@usc.edu) with a copy to MPP Assistant Nancy Lopez (nancyylo@usc.edu).