

VIEWPOINT

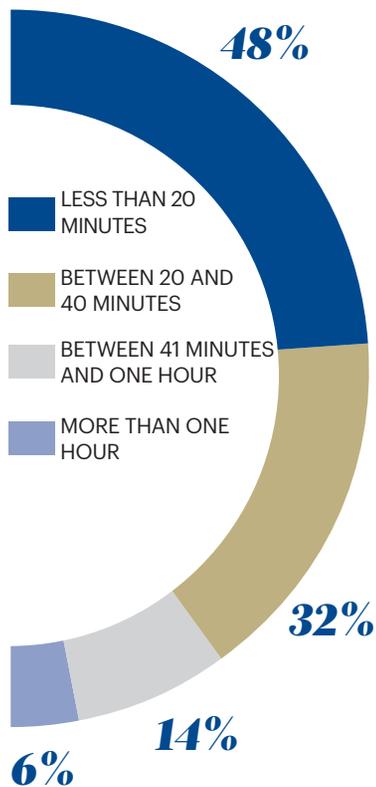
Triad Business Journal welcomes letters to the editor

Send letters to Triad Business Journal
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► BUSINESS PULSE SURVEY

WE ASKED

How long is your commute?



THIS WEEK'S QUESTION

Would you ride in a driverless car?

VIEWPOINT

New reports offer conflicting views on state's Amazon HQ2 chances

In CNBC's "Top States for Business" scorecard for 2017, North Carolina was ranked No. 5 in the country. The state's high ranking was due to strong indicators related to its workforce, the cost of doing business, and "business friendliness."

Based on that ranking, a CNBC article this week argued that several North Carolina metropolitan areas, including Greensboro-High Point, are strong contenders for Amazon's second North America headquarters, nicknamed HQ2. The article graded the prospects of metro areas in the South, and its top grade went to "Charlotte/Raleigh-Durham/Greensboro-High Point, North Carolina."

Well, color me skeptical. I'm skeptical that the standard state business rankings, including CNBC's, imply much about North Carolina's ability to land HQ2. And I question the logic of grouping Greensboro-High Point with Charlotte and the Triangle.

The CNBC ranking factors in a wide range of state attributes, including infrastructure, education and quality of life. North Carolina doesn't do well on all of these. It's No. 32 in education and No. 28 in quality of life. The latter includes anti-discrimination protections, inclusiveness and the extent of health-insurance coverage. A state that refused to expand Medicaid under the Affordable Care Act and passed laws discriminating against gay and transgender people shouldn't expect to do well in such a category.



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Amazon's stated criteria for landing HQ2 indicate that the company values inclusiveness.

Even some of North Carolina's strong categories have problem areas for HQ2. The workforce category rewards states for low wages, lack of unions and a light touch by government regulations. These are positives for some companies, but they don't generally matter much for headquarters operations.

A very different picture was painted by an index that came out this month. The Information Technology and Innovation Foundation released its 2017 State New Economy Index, which purports to "measure the extent to which state economies are knowledge-based, globalized, entrepreneurial, IT-driven, and innovation-oriented." The ITIF index ranks North Carolina in the middle of the pack, at No. 22.

The New Economy Index is based on such factors as the percentages of IT and managerial jobs, the level of workforce education and training, and

the value of high-tech exports. The index's manufacturing indicator is value-added rather than the number of jobs. These indicators don't favor North Carolina, but they do describe the kind of economy Amazon wants for HQ2.

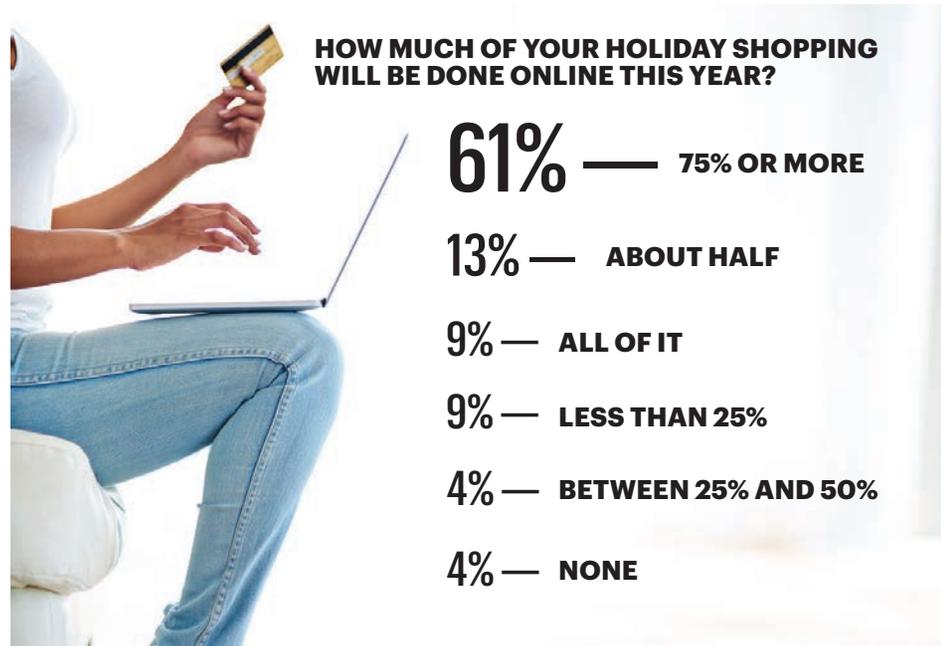
So North Carolina, taken as a whole, is probably not as attractive to Amazon as the standard business rankings would have us believe. Beyond that, remember that North Carolina has a bifurcated economy. How the economy is doing depends greatly on where you live. In the dynamic economies of Charlotte and the Triangle, payroll employment is more than 15 percent higher than it was in early 2008. But the rest of the state still has fewer jobs than it had before the Great Recession.

In the Greensboro-High Point metro area, employment is 2.6 percent below its level in early 2008. The Winston-Salem metro area has barely made it back to zero. The Triad is struggling to adapt to the decline of manufacturing employment. By national metropolitan standards, we have a relatively poorly educated workforce and our high-tech clusters are still very young.

The ITIF index shows that, on the whole, our state is beginning to find its place in the New Economy. But our high-growth cities of Charlotte, Raleigh and Durham are already there. They may be well situated to land HQ2. Unfortunately, it's much harder to argue that the Triad is in the same position.

Now, an automobile plant is a different story.

► SURVEY SAYS



DO YOU THINK THE STOCK MARKET WILL CONTINUE SETTING RECORD HIGHS OVER THE NEXT 12 MONTHS?

