

# VIEWPOINT

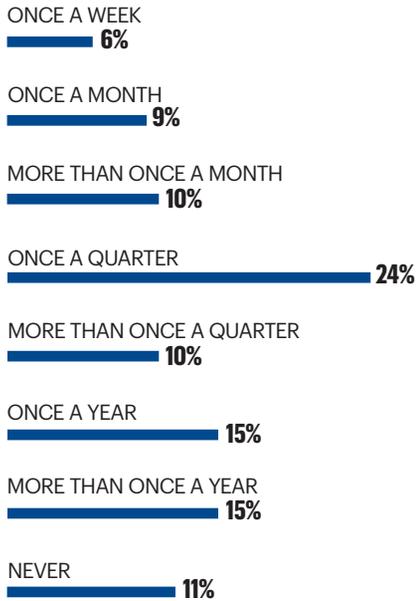
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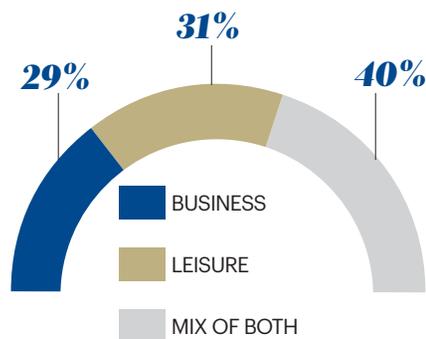
## ► BUSINESS PULSE SURVEY

### WE ASKED

How often do you fly out of Piedmont Triad International Airport?



Are you mostly traveling for business or leisure?



### NEXT WEEK'S QUESTION

Should North Carolina pull out all the stops to lure Amazon's HQ2?

## GUEST COLUMN

# Loss of auto plant hurts even more the second time around

The first month of 2018 brought two pieces of bad news to the Triad. First was the announcement that a Toyota-Mazda plant would locate in Alabama instead of North Carolina. Then Amazon announced its list of 20 finalists for its second North American headquarters, and the Triad wasn't on it.

The Amazon news wasn't a big blow because the Triad's bid for the headquarters was such a long shot. And the fact that Raleigh made the list of finalists is good news for North Carolina.

But the Toyota-Mazda announcement hurt. Landing that plant would have employed a lot of people and it would have been a great fit for the Triad. And this was the second time we came in second to Alabama in a competition for a big automotive plant.

In 1993, Mercedes-Benz chose Alabama over a site near Mebane in Alamance County. The fact that Alabama won on the strength of a huge incentives package was a wake-up call for North Carolina, which had not been aggressive about offering incentives. And yet a quarter-century of upping our game couldn't overcome the first-mover advantage that Alabama made for itself back in 1993.

North Carolina reportedly offered much more in incentives than Alabama did for the Toyota-Mazda plant. But over the last 25 years, Alabama built on its success in landing that



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Mercedes-Benz plant. It now boasts an automotive cluster that includes plants for Honda, Hyundai and Toyota, as well as an extensive network of vendors and suppliers. Its automotive manufacturing sector employs about 40,000 people, many of them highly skilled.

It was Alabama's established automotive cluster that allowed it to offer less and yet still win the bidding.

In other words, we lost out to Alabama 25 years ago because we didn't offer enough in incentives. We lost out to Alabama this month because we didn't offer enough in incentives 25 years ago.

The point of this post mortem isn't to make us all feel bad, but to remind us that even with the distortion of targeted incentives, it often takes time for a region's economic investments to bear fruit. For years, experts argued that Alabama had overpaid in 1993. It wasn't until the

last 10 years or so when the expert consensus reversed itself. The Toyota-Mazda announcement reinforces that reversal.

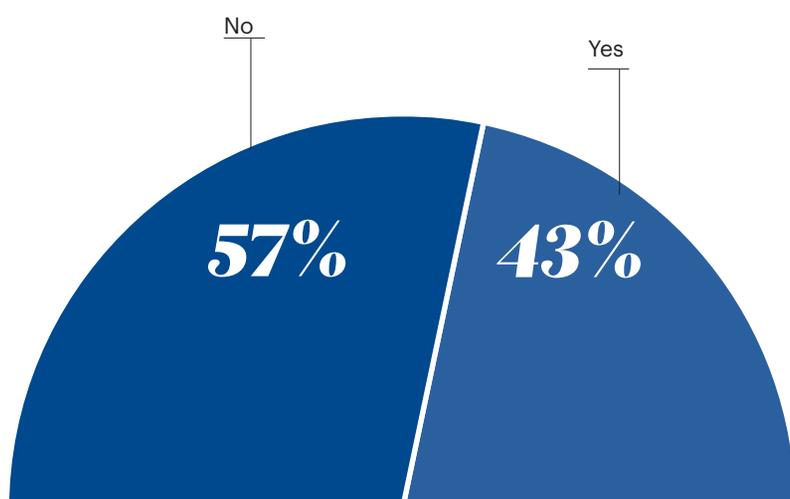
The developers of the Greensboro-Randolph megasite are very sensibly taking the long view, and treating this disappointment as a step toward better news in the future. They know that Volkswagen's Tennessee site was rejected nearly a dozen times before Volkswagen selected it. North Carolina is the only state in the Southeast without an auto plant, and landing one remains the primary goal. But the megasite can be positioned for other kinds of advanced manufacturing as well, including aviation, aerospace and heavy equipment.

The push for the Toyota-Mazda plant accelerated the developers' investment in the Greensboro-Randolph megasite. Local leaders couldn't make empty claims about the site; work had to be done to get the site ready for final work on grading, infrastructure, etc. And the visibility of the competition meant that site-selection consultants around the country are now aware of the potential for large-scale manufacturing in the Triad.

If Alabama can take its time and build a new industrial cluster over the course of a couple of decades, then so can North Carolina. We may not have to endure a dozen rejections, but good things come to regions that wait... and make smart investments.

## ► SURVEY SAYS

### HAVE YOU BOUGHT A NEW CAR IN THE PAST YEAR?



### WHAT'S MOST IMPORTANT TO YOU IN YOUR HIRING DECISIONS?



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