North Carolina is suffering from self-inflicted wounds

In a growing economy, an important goal of state-level economic policy is not to screw things up. The national economy exerts a strong influence on state economies, and right now that’s a good thing. However, a number of North Carolina’s recent decisions are creating unnecessary risks.

For the most part, North Carolina is tracking the national economy. From the start of the Great Recession through the first quarter of this year, inflation-adjusted Gross Domestic Product grew 8.7 percent nationally vs. 7.9 percent in North Carolina.

Job creation is an even better measure of whether growth is being shared by all. As of July, national employment was 4.3 percent higher than before the recession, as compared to 4.2 percent higher in North Carolina. (I’m ignoring the state figure for August, as it’s a downward blip that’s most likely a statistical fluke.)

Of course we’d prefer to be doing better than the national averages. But then why has North Carolina spent the last few years acting as though average is good enough?

The earliest example of this was the state’s rejection of Medicaid expansion under the Affordable Care Act. That decision showed that in Raleigh, Obama hatred trumps economic common sense. Not only have we chosen to accept thousands of preventable deaths, but the sheer size of the rejected federal subsidy means that as a state, we’ve chosen not to create tens of thousands of jobs that would have existed by now.

More recently, the state passed HB2, the so-called bathroom bill. The law does more than restrict bathroom use by transgender people, but the bathroom portion of the bill is what’s attracted national condemnation and harmed our reputation.

At first, there were concrete examples of the economic cost, from canceled concerts to canceled corporate expansions. Then came canceled sports events, including by the NBA, the NCAA and even the ACC. And now site-selection consultants are telling us that the real cost of HB2 isn’t what’s been canceled, but the fact that increasingly, corporations are simply bypassing North Carolina when they consider new locations.

Then there’s the sharp cutback of the state’s film incentive program. The McCrory administration believes it’s a loser because it generates less tax revenue than the program costs. However, my calculations suggest that the annual shortfall is less than $10 million. That’s not nothing, but the state makes many investments, such as roads and schools, that don’t make a profit.

Film and TV production is a creative-class industry. It wasn’t just about which TV shows were produced here, but about spillover businesses in information and communications technology. Now that we’ve shrunk our film incentives (for which Georgia says thank you!), what had been a smart investment in the state economy is nearly gone.

Then there’s the underfunding of the University of North Carolina system. After previous recessions, funding was restored to our public universities as the economy recovered. Not this time. The crown jewel of the North Carolina economy is still here, but its role as a cog in the knowledge economy is now constrained by crippling annual budget cuts.

There are more examples, from embarrassing legislation that ignores climate science, to tax changes that shift the burden from rich to poor and thereby hamper the state’s ability to fund itself.

These policies are all destructive yet unnecessary. They’re self-inflicted wounds. It’s frustrating to think how well we might be doing without them. Why do the people currently running North Carolina insist on repeatedly shooting the state economy in the foot?

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* POINT OF VIEW

**WE ASKED**

UNDER WHAT PRESIDENT WILL FINANCIAL MARKETS (INCLUDING STOCKS) FARE THE BEST?

**THIS WEEK’S QUESTION**

WAS NAFTA REALLY THE “WORST TRADE DEAL EVER?”

45.9%

51%

3.1%

**BEDFORD COUNTY**

The county is expected to lead the Triad’s population growth (by percentage) through 2040, with a 15.4 percent jump, according to a TBJ analysis. That rate might owe much to its proximity to the Triangle, with the Raleigh metro expected to lead the state with nearly 72 percent growth.

**ALAMANCE COUNTY**

North Carolina was hit hard by the hurricane, including at least 19 deaths and thousands still without power as of mid-week. The main culprit wasn’t the hurricane’s wind power, but intense rains and surges that swelled rivers and caused widespread flooding.

**HEMP**

Asheboro approved a conditional permit for a hemp processing plant, potentially in N.C. since a new law was passed late last year. Not to worry: Though hemp can be used in health remedies, THC — the active compound that produces a “high” in hemp’s cousin, marijuana — is present in only trace amounts.

**PINEHURST**

No surprise that an expert panel picks Pinehurst No. 2 as the best golf course in state — but two Triad courses make the top 20: No. 13 Sedgefield (Ross course) in Guilford County and No. 16 Old Town Club in Forsyth County.