

## OPINION

## Federal stimulus 'a great thing' when it hits close to home

**D**istasteful as it may be, we may as well admit that federal pork has a way of tasting a little better when it's served close to home. So it was when the federal government agreed to pay millions for a new runway at Piedmont Triad International Airport to help service FedEx and so it is with the many programs now being funded by the federal stimulus.

Witness Sen. Richard Burr's much publicized — and much criticized — October appearance in Bethlehem, N.C.

### OUR VIEW

Burr voted against the stimulus, arguing it would raise the federal deficit without any meaningful economic benefit or job creation. Still, Burr acknowledged during his appearance that the \$2 million Bethlehem received in stimulus money for a new fire station was "a great thing." What he undoubtedly meant was something like, "as long as you are handing it out, I'm glad we're getting our share."

That said, he'd probably be glad to hear that the Triad — his home region — seems to be getting its share too. As reported in a story on page 3, we've received or had committed about \$777 million for a variety of programs, from weatherization to schools to road construction. That number seems to compare favorably relative to the funds being received by the bigger metro areas surrounding Charlotte and Raleigh.

At the moment, much of the money, even if awarded, hasn't been spent yet so the full economic impact lies ahead.

While road work and construction projects grab the headlines, the majority of the Triad share — more than 60 percent — is earmarked for education and social programs. In fact, more than \$200 million has been targeted at the elderly and the unemployed in the form of direct assistance. In one sense, the money they received through Social Security and unemployment benefits may only help each individual a little, but it is money that probably worked its way into the economy immediately, whether to pay bills or rent or buy food.

The distribution favors bigger, more populous counties like Guilford, Forsyth and Alamance. Yadkin and Caswell counties have received the least.

While the numbers seem gaudy, figuring out one day whether it was all worth it will likely be a matter of perspective. We'll never know what might have happened had there not been a stimulus, just as we'll never know for sure what would have happened if we hadn't bailed out the Wall Street banks and AIG.

As such, the final verdict will, as usual, be largely a matter of perspective and political leanings.

In the meantime, no one will fault us for getting our share.

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## The aughts: Were they for naught?

**I**t's that time of year again, when columnists write their year-end reviews. But this is also the end of the decade, at least as it's usually (and yes, incorrectly) reckoned. Here is a small sample of the most interesting economics stories in North Carolina since 2000.

•**The Furniture Market Lives!** When the Las Vegas furniture market was announced in 2000, many feared that it would replace the venerable High Point Market. But since the upstart market opened in 2005, it's become clear that there's room for both. High Point continues to report strong attendance, and its place as the intellectual capital of the furniture industry appears solid.

•**The Dell Man Cometh... and Leaveth.** Opponents of incentives were appalled in 2004 when state and local governments granted a huge incentives package to Dell Computers. They were even more appalled this fall, when Dell announced that it will close its Forsyth County plant after only four years of operations.

But all governments involved will get their money back, thanks to clawback provisions in the incentive agreements. It's hard to see the Dell episode as a victory, but it's even harder to see it as a defeat. Incentives end the decade about where they started it: a vexing tool for economic development that will never be loved but cannot be abandoned.

•**Soak the Poor.** North Carolina started a lottery in 2006. It was a popular move, but it was bad policy. Of course people are free not to buy lottery tickets. So then the lottery is a business? If so, it's a state-run monopoly, and like all monopolies it gives consumers a bum deal. Prize payouts amount to just over 50 percent of revenues, which not only is less than other state lotteries, but is far below what privately owned casinos pay out.

But wait, say supporters, the lottery raises money for education. So then it's a tax? If so, it's a tax that lands disproportionately on poor people, who spend more of their income on lottery tickets than richer people. Whether it's a regressive tax or a government-run monopoly, the lottery is bad idea.

•**Soak the Poor, Part 2.** Another bad idea was the state's 2006 ban on payday lending. The huge implied annual percentage rate on such loans made them seem exploitative, but the data don't bear that out. A 2009 study by the New York Federal Reserve Bank showed that the end of payday lending in North Carolina and Georgia has led to higher and/or faster increases in the rates of bounced checks, complaints about lenders and debt collectors, and Chapter 7 bankruptcy filings.

Far from preying on lower-income people, payday lenders provide an important credit option. That option is now gone in North Carolina.

•**The Expansion of 2001-07.** The last economic expansion was weak. Compared to the previous nine post-war expansions, it registered either the lowest or second-lowest growth in consumption, income, investment, employment, and wages. But things were better in North Carolina. The state's economy grew faster and added more jobs. From the bottom of the jobs trough in 2003 until the end of the expansion, employment in North Carolina grew nearly 11 percent as compared to 6 percent nationally.

It's clear that the state is pulling out of the Great Recession of 2007-09. Most economic indicators are beginning to point in the right direction. Here's hoping that the next expansion will be even better for North Carolina.

**ANDREW BROD** is the Director of UNCG's Center for Business and Economic Research and a member of The Business Journal's Editorial Board of Contributors. Reach him at (336)334-4867 or AndrewBrod@uncg.edu. An archive of Dr. Brod's columns is available at <http://cber.uncg.edu>.



### VIEWPOINT

ANDREW BROD

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Greensboro Office  
100 S. Elm St., Suite 400  
Greensboro, NC 27401  
Phone: (336) 271-6539  
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Winston-Salem Office  
305 W. Fourth St., Suite 2B  
Winston-Salem, NC 27101  
Phone: (336) 725-1163  
Fax: (336) 725-1154  
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### Letters to the Editor

The Business Journal invites letters to the editor in response to stories, opinion pieces or issues of importance to the Triad.

Brevity is advised. Letters should include the author's name and daytime phone number.

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