

VIEWPOINT

Triad Business Journal welcomes letters to the editor

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POINT OF VIEW

Triad economy: Still not back to zero

I recently spoke to a group about the Triad economy, and I brought along a single chart to summarize the situation.

The diagram, which you can see here, is both striking and depressing.

The diagram compares the level of employment since the start of the Great Recession in the U.S., North Carolina, and the Greensboro-High Point metropolitan statistical area (MSA). The three series are seasonally adjusted (SA) and indexed to show how they've changed since January 2008. I would have included the Winston-Salem MSA as well, but the addition of Davidson County in 2014 has temporarily removed it from federal SA data sets.

The first thing we notice in the diagram is that North Carolina is tracking the national economy quite closely. Our state economy is doing fairly well, but no better than average. Of course, "Carolina Comeback" sounds better than "keeping up with the national economy."

The main takeaway is that the Greensboro-High Point MSA still hasn't regained the jobs it lost in the Great Recession. The national and state economies are each about 4 percent above their pre-recession levels, but our region is still 3 percent below.

By this measure, Greensboro-High Point ranks near the bottom among U.S. metropolitan areas: 296th out of 348. That's not good.

Winston-Salem is faring only slightly better. Judging by unadjusted data, it appears that employment in that MSA is 1 or 2 percent below its pre-



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recession level.

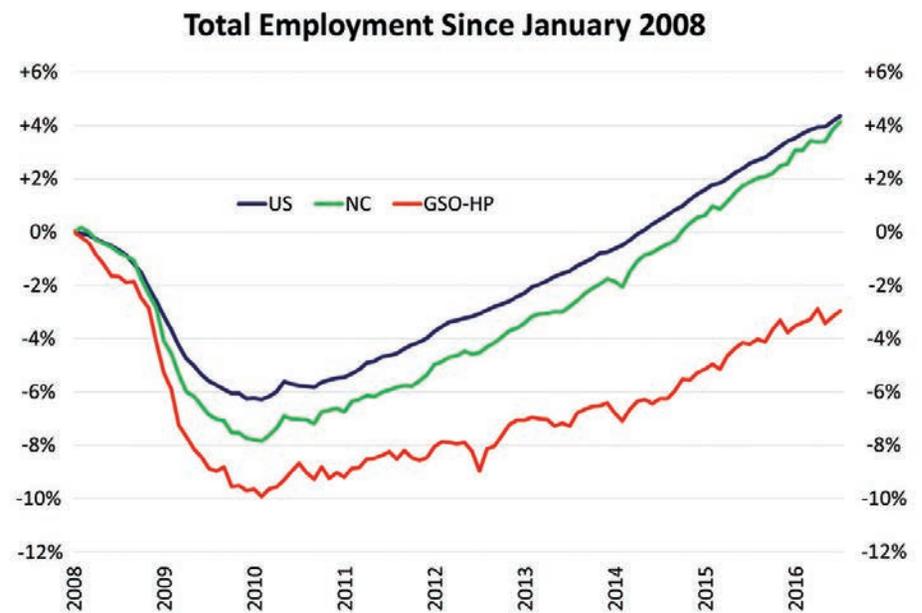
Not all regions in North Carolina are languishing, however. Employment in the Raleigh-Cary MSA is 14 percent above its pre-recession level and ranks 26th in the country.

What's going on? Why hasn't the Triad gotten back to zero?

One problem involves government layoffs. All over the country, job growth in the public sector is lagging behind the private sector, thanks to states' decisions to shrink payrolls and push teachers out.

Yet for some reason, it's much worse in the Triad. Government jobs have declined by 7 percent in Greensboro-High Point, and that's a drag on private-sector growth.

Another Triad-specific problem is the ongoing adjustment to the decline of manufacturing. As recently as 20 years ago, North Carolina was the most manufacturing-intensive state in the country (as measured by the share of



COURTESY OF ANDREW BROD

workers employed in manufacturing), and the Triad was the most manufacturing-intensive region in the state.

Unfortunately, we had most of our eggs in the single basket of textile and apparel manufacturing, and a combination of automation and outsourcing left us with very few workers in that sector.

North Carolina is now in the middle of the pack in manufacturing.

This hurt rural counties tremendously, but it's also hurt the cities in the Triad because our workers tend to be relatively poorly educated by national metropolitan standards. A region with a well-educated work force is nimble and can adjust to new economic realities. The Triad has not

been nimble.

So we have to wait for the next big thing to pull us out of the economic doldrums. But what will it be? Manufacturing is doing well but will never be as big an employer as it was during our industrial heyday. Biotech and pharmaceuticals shows promise, but our relatively poor work force skills could constrain growth. Transportation and logistics is very big and will grow, but its jobs tend to require little education and hence aren't high paying.

I said the diagram is both striking and depressing. It's striking because of how far behind we are. It's depressing because it's not clear how we'll catch up.

► GAINERS & LOSERS



JULIE KNIGHT/TRIAD BUSINESS JOURNAL

▲ NATIONAL FOLK FESTIVAL

Get ready. Next weekend the free multicultural festival will come to downtown Greensboro for the second year of its three-year residency. Attendance last year was more than 100,000, and it's expected to grow by 30 percent this time around.



FILE PHOTO

▲ NASCAR

Greensboro-based Tanger Factory Outlet Centers will make its debut as a NASCAR sponsor next week. Look for the company name on Martin Truex Jr.'s No. 78 Furniture Row Racing Toyota at a Sprint Cup Series race scheduled for Richmond International Raceway in Virginia.



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▲ DISAPPOINTMENTS

"The Disappointments Room," a Kate Beckinsale-starring movie thriller, is set to open next Friday, Sept. 9. Much of the movie was filmed in the Triad back in the fall of 2014, including at sites in downtown Greensboro and in Sedgfield.



MINNEAPOLIS / ST. PAUL BUSINESS JOURNAL

▲ POKÉMON GO MANIA

Thanks to some fresh paint, Target stores across the nation are getting giant Pokemon balls. The retail chain is repainting some of the cylindrical traffic posts outside its stores to resemble the red-and-white monster snares used in the hugely popular mobile game. If you don't know what we're talking about, ask your kids, nieces or nephews.