

VIEWPOINT

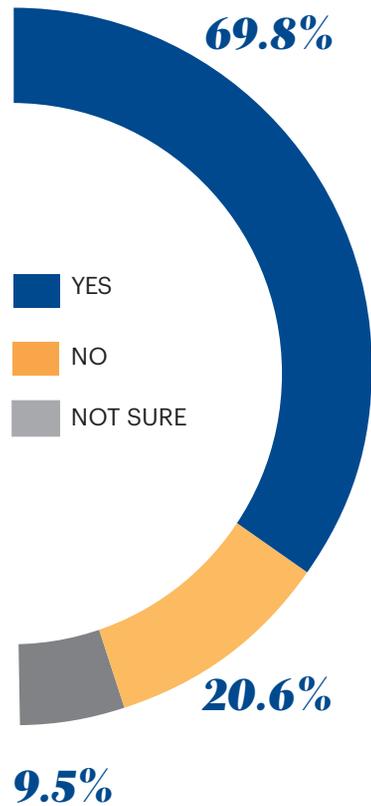
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► BUSINESS PULSE SURVEY

WE ASKED

WOULD THE TRIAD BENEFIT FROM MORE GROCERY STORES?



THIS WEEK'S QUESTION

DOES YOUR COMPANY PLAN TO HIRE IN 2017?

POINT OF VIEW

Why is HB2 still with us? It's the urban/rural divide

Last month it looked like we might finally get rid of HB2, the law that, among other things, reversed a Charlotte ordinance granting rights to transgender people. HB2 effectively bans them from using public restrooms that correspond to their gender identity.

Whatever one thinks of the morality behind the law, its negative effects on North Carolina's reputation and economy have been obvious. Businesses have announced that they won't locate here, and sports and entertainment events have been canceled or relocated. And many site-selection consultants say that for certain kinds of projects, North Carolina simply isn't under consideration anymore.

That's not to say the effects have been huge. North Carolina has a big economy and is tracking the national averages of key economic indicators. Without HB2, however, we could be doing better than average.

Then the city of Charlotte announced that it was willing to repeal the ordinance that led the state to enact HB2. The Republican leadership in the North Carolina General Assembly was (conditionally) willing to repeal the law, but there was a strong contingent of mostly rural Republicans who opposed repeal on any grounds. Ultimately, the repeal effort failed, and the state economy enters 2017 as it spent much of 2016: shackled to HB2.

Republicans don't seem particu-



Andrew Brod is a senior research fellow in UNCG's Center for Business and Economic Research and a member of *The Business Journal's* Editorial Board of Contributors. Reach him at 336-707-6439 or AndrewBrod@uncg.edu.

larly troubled by that, which I see as a reflection of the urban-rural divide in our state. Not every Republican in the NCGA represents a rural district, but by and large, the GOP is the party of rural North Carolina.

HB2 has highlighted the cultural divide between urban and rural, but there's an economic divide as well. Unemployment and poverty rates are lower in the cities than in rural counties, and incomes and educational attainment are higher. And if anything, the divide is getting wider.

More than 60 percent of the state's jobs can be found in the five largest metropolitan areas: Charlotte, Raleigh-Cary, Greensboro-High Point, Durham-Chapel Hill, and Winston-Salem. Take away the job growth in those areas and not only would the state be falling well behind the national economy, but it would have few-

er jobs now than it did in late 2007, at the start of the Great Recession.

What does this have to do with HB2? The knowledge-economy companies most sensitive to issues like HB2 want to locate in cities, not rural counties. Major tournaments, concerts and conventions are held in cities, not rural counties.

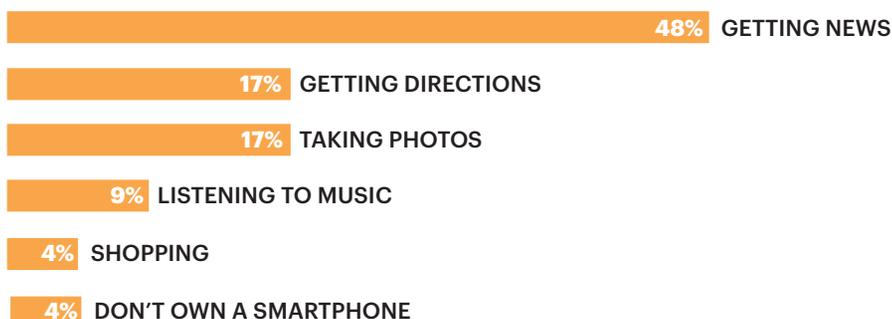
As a result, rural North Carolina is less likely to feel the direct economic sting of HB2, and that means rural representatives in the NCGA are less likely to be pressured to repeal the law.

Of course HB2 didn't happen in a political vacuum. The NCGA has been waging war on North Carolina's cities for a number of years now. It has shifted sales-tax revenue from urban to rural counties, imposed new city and county district maps, banned numerous types of local ordinances and tried to undermine city control over key infrastructure. The energy and force behind such efforts might make one think that cities were the state's problem spots instead of the drivers of its economy.

That's why hurting our cities ultimately hurts rural counties. The cities are where, on average, the most highly skilled people work and the most innovative companies operate. The cities generate the bulk of the state's tax revenues. But those effects are indirect and diffuse. So if you're wondering why supporters of HB2 seem to be indifferent to the law's economic costs, it's because they are.

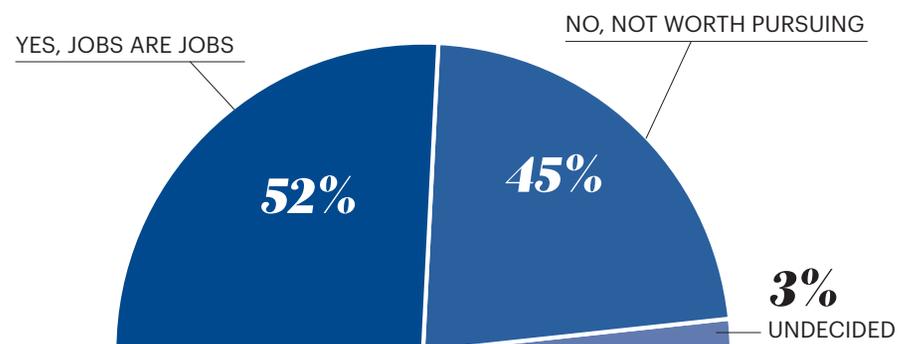
► SURVEY SAYS ...

OTHER THAN CALLS, EMAILS AND TEXTING, WHAT DO YOU USE YOUR SMARTPHONE FOR?



0% STREAMING VIDEOS, PLAYING GAMES, WATCHING VIDEO

ARE CALL CENTERS, WHICH GENERATE LARGE NUMBERS OF JOBS AT RELATIVELY LOW WAGE LEVELS, AN IMPORTANT PART OF THE TRIAD'S ECONOMIC DEVELOPMENT STRATEGY?



► YOU SAID IT



ON "WOULD THE TRIAD BENEFIT FROM MORE GROCERY STORES?"

"It's not the number or variety of stores, but the location. Stores would better serve their customers if they would reach out to rural areas instead of competing within walking distance of each."

MITZI MARTIN EVANS

ON "FAA TO BEGIN CONSTRUCTION ON \$42M AIR TRAFFIC CONTROL TOWER AT PTI"

"It's about time. Charlotte and Raleigh had new towers built years ago and GSO was passed over. Finally getting theirs. Should be relocated as well."

TOM JOHNSON