

A Prosperous Economy

Vision for 20/20

North Carolina's growing, dynamic economy is competitive in the global marketplace. It is diversified. High-quality jobs are plentiful across all economic, geographic and demographic sectors, without undue reliance on too few industries. "Knowledge workers" dominate the workforce and citizens take advantage of modern communications and technology to create new economic opportunities.

Sound, strategic investments in people and infrastructure have accelerated our transition from traditional to knowledge-based economies. Through our willingness to think boldly -- and our faith in ourselves -- we have built a "New Economy" laboratory on the foundation of our traditional economic strengths. Through research and reinvention, we have made our agrarian and manufacturing past a vital part of today's prosperous economy.



Goal 1: Promote dynamic, diverse, and sustainable economic growth across all regions and demographic groups.

The economic transition of the past two decades has left many in our state battered and bewildered. To ensure that no North Carolinian is left behind, the state should work to create not only a strong economy but one that is diverse enough to weather the ups and downs of global markets and can be sustained over the long term.

Facts:

- Measured in dollar terms, manufacturing represents the largest sector of the state's economy (27%). The services sector, on the other hand, accounts for the largest proportion of jobs (26.2%).
- In 2000, non-farm employment totaled nearly 4 million.
- In 2000, NC ranked 21st in the US in per capita Gross State Product.
- From 1990 to 2000, NC ranked only 26th in the nation in long-term employment growth.
- In terms of short-term economic growth (measured by employment, personal income, and population), NC fell from a national ranking of 6th in 1997 to 15th in 1998 and to 22nd in 2000.
- In terms of lowest unemployment rate, NC fell from a national ranking of 12th in 1996 to 13th in 1998 and to 15th in 2000.
- 26 counties in North Carolina had a poverty rate of at least 18% continuously from 1980 to 1999.
- In 1998-1999, rural areas (with only 41% of all jobs) incurred nearly 60% of the layoffs and 2/3 of manufacturing job losses.

- From 1980-1998, North Carolina's average income increased by 39.5% for the wealthiest 1/5 of households, but by only 0.1% for the poorest 1/5 of households.

Targets:

1.) **Long-term growth.** NC will rank in the top 10 states for long-term growth for Gross State Product (GSP). From 1977 to 1997, NC ranked 12th in its GSP growth rate, but NC is ranked only 22nd in the US in per capita GSP in 2000.

2.) **Short-term growth.** NC will rank in the top 10 states in ratio of net business starts. The state ranked 7th in 1998, but fell to 11th in 1999.

3.) **Employment.** NC will rank in the top 10 states for long-term growth rate for jobs. From 1990 to 2000, NC ranked only 26th in long-term employment growth.

4.) **Personal Income.** NC will rank in the top 20 states for per capita income (or 100% of the average US per capita income). From 1990 to 1999, NC's per capita personal income grew from 87% of the US level to 91%, and its per capita income national rank rose from 35th to 32nd.

5.) **Economic disparity.** Non-metro per capita income will be at least 80% of metro per capita income. The per capita income gap between rural and urban NC was 75% in 1996.

Goal 2: Expand the emerging economy sectors, including technology and other knowledge-based businesses.

If North Carolina is to profit from "New Economy" opportunities, both public and private investments will be required. The state will need to stimulate *private* investment in technology and innovation while it makes necessary *public* investments in education, training, and infrastructure ranging from telecommunications to transportation.

Facts:

- NC's largest New Economy cluster is information technology and instruments.
- NC's greatest relative job growth is in communications services, software, and the chemical and plastics cluster.
- North Carolina is one of the nation's leading biotechnology states. The industry is expected to bring in \$24 billion in annual sales and to employ 125,000 North Carolinians by 2020.
- North Carolina ranks 30th in overall New Economy measures, 39th in workforce education, and 29th in initial public offerings.
- Since 1994, NC has produced 31,100 high-tech jobs, but its national ranking has remained at 14th.
- In 1997, NC was ranked 25th in the US in the number of patents issued per 1,000 workers.

- In 1997, NC was ranked 22nd in the US in the number of managers, professionals, and technicians as a percent of its total workforce.

Targets:

1.) **Economic Transformation.** NC will rank in the top 10 states for economic transformation, judged by the Progressive Policy Institute's State New Economy Index. In 1999, NC was ranked 30th in the overall new economy measure of the index.

2.) **Economic Dynamism.** NC will rank in the top 10 states in the value of initial public offerings as a percent of Gross State Product. In 1998, NC was ranked 29th in the US by this measure.

3.) **Innovation Capacity.** NC will rank in the top 10 states in research and development spending as a percent of GSP. In 1999, NC was ranked 27th.

4.) **New Economy Jobs.** NC will rank in the top 10 states in the number of high-tech workers per 1,000 jobs. In 1999, NC was ranked 23rd by this measure and 22nd in the percent of civilian scientists and engineers.

Goal 3: Revitalize the traditional economic sectors and ensure their competitiveness in national and global markets.

The transformation of North Carolina's traditional economy — including the manufacturing and agricultural industries — is well under way. In economic terms, this transformation involves a shift from traditional to knowledge-based manufacturing and a greater focus on international trade. In human terms, it often means layoffs and economic hardships, a burden felt disproportionately by rural communities. Strengthening these industries for the long term will require investments in innovation, modernization, and new ventures.

Facts:

- Apparel, textiles, and wood products account for 415,000 jobs in the state. (p. 149, f475)
- Three out of 10 rural jobs are in manufacturing. (149, f476)
- The agribusiness industry contributes \$46 billion to the state's economy annually. (p149, f478)
- North Carolina ranks fourth among states in net farm income. (p151, f492)
- North Carolina lost 49,000 manufacturing jobs from July 2000 to July 2001.
- In July 2001, the unemployment rate reached 5.3% (the highest since April 1993). **It's higher now**
- In 1997, NC was ranked 43rd in the US in manufacturing capital investment.
- North Carolina ranked 20th in traded sector strength, 27th in traded sector strength change, and 10th in traded sector competitiveness (these ratings have declined since 1995). **What does traded sector mean? Publicly traded companies?**

Targets:

1.) **Industrial Transition.** NC will reach 110% of the US ratio of average wages for major growth sectors compared with average wages for declining sectors. In 1997, NC's industrial transition ratio was 106.7% of US ratio (97.3 for NC v. 90.4 for US).

2.) **Traded Sector Strength.** NC will rank in the top 10 states for traded sector strength. In 2000, NC was ranked 20th in traded sector strength and 10th in traded sector competitiveness.

3.) **Manufacturing Vitality.** NC will rank in the top 10 states in the percent of manufacturing jobs of total non-farm jobs. Despite declines in manufacturing jobs, including sharp drops in textile and apparel jobs, NC ranked 4th in 1998 in manufacturing employment as a percent of total employment.

4.) **Agriculture Vitality.** NC will rank in the top 10 states in net farm income. In 1997, despite restructuring and other challenges, NC ranked 4th in the US in net farm income and 8th in total agriculture cash receipts.

Goal 4: Promote the expansion of international markets and facilitate access to foreign capital and commerce.

Competitiveness in the global economy requires a new way of thinking. Instead of deciding which products to export, we will determine what we produce based on what the global market needs. Ultimately, this new perspective, coupled with disappearing trade barriers, will result in more exports and more high-quality jobs throughout the state and will make the state a force to be reckoned with in the global market place.

Facts:

- By 1997, foreign investment generated 225,000 jobs -- 3rd highest in the nation. In 1998, 738 foreign-owned companies from 35 countries had operations in NC.
- NC ranks 25th in the nation in the ratio of exports to Gross State Product.
- NC ranks 37th in the nation in export-oriented jobs.
- From 1997 to 1998, NC's national ranking in foreign direct investment fell from 3rd to 14th.

Targets:

1.) **Global trade.** NC will rank in the top 10 states in merchandise exports as a percent of GSP. In 1997, NC's export intensity ratio was below the US average, ranking it only 25th in the nation.

2.) **Export-Oriented Jobs.** NC will rank in the top 10 states in the share of manufacturing jobs dependent on exports. Based on 1992 data, NC ranked 37th in the US in its percent of jobs in export-oriented companies.

3.) **Foreign Capital.** North Carolina will rank in the top 10 states in foreign direct investment. In 1997, NC ranked 3rd in the nation in foreign direct investment, but our national rank in workers employed by foreign companies, a FDI indicator, shows signs of slipping.