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# Economic Summit

## Carteret County, North Carolina

### Facing Today's Realities and Challenges

September 14, 2004

Presented By:  
**J. Mac Holladay**  
*Market Street Services, Inc.*  
[www.marketstreetservices.com](http://www.marketstreetservices.com)

# Today's Agenda:

- **The Changing World of Economic Development**
- **The National Economy, North Carolina, Carteret County, and the South**
- **Key Trends in Economic Development**
- **Going forward – 2004 and beyond**

# The Changing World of Economic Development

# Defining Economic Development

- **Personal wealth creation for every citizen**
- **Better jobs and a higher standard of living for every member of a community, region, or state**
- **Economic development is not simply an event, it is an ongoing community process**
- **Economic development is where public policy and free enterprise intersect**

# Defining Economic Development

- **Creation of an environment in which communities and their citizens prosper and improve their quality of life**
- **Economic diversity that sustains each locality and the entire region throughout economic cycles**

# Economic Development Today

- Economic development means many things to many people -- in our history it has meant only “industrial recruitment”
- Today’s definition is not only about new jobs and new business – it is also about good schools, quality of life, clean air, green space, roads, start-up firms, housing choices, etc.
- It’s about building better communities

**“Change is debilitating when done to us, but exhilarating when done by us.”**

**Rosabeth Moss Kanter**  
**World Class**

# The Changing World of Economic Development

- **Undergoing fundamental changes in U.S. economy**
- **Strongest growth and development in history until March 2001 – record lows in unemployment and record growth in per capita income – then dot com collapse**
- **Enormous job losses and layoffs particularly in textiles, apparel, furniture and other traditional manufacturers in 2001, and continuing through 2003**
- **Fortune 500 companies made up 26% of the non-agricultural workforce 30 years ago but they have lost over 12 million jobs in the past 10 years**
- **Medium and small companies account for all of the net job growth across the country**

# 1979 Fortune 500: Top 25

- General Motors
- Exxon
- Ford
- Mobil
- Texaco
- Standard Oil – California
- IBM
- General Electric
- Gulf Oil
- Chrysler
- International Telephone and Telegraph
- Standard Oil – Industrial
- Atlantic Richfield
- Shell
- US Steel
- E.I. du Pont
- Western Electric
- Continental Oil
- Tenneco
- Procter and Gamble
- Union Carbide
- Goodyear
- Sun Oil
- Caterpillar
- Eastman Kodak

# 2004 Fortune 500: Top 25

1. Wal-Mart
2. Exxon Mobil
3. General Motors
4. Ford Motor
5. General Electric
6. ChevronTexaco
7. ConocoPhillips
8. Citigroup
9. IBM
10. American International Group
11. Hewlett Packard
12. Verizon Communications
13. Home Depot
14. Berkshire Hathaway
15. Altria Group
16. McKesson
17. Cardinal Health
18. State Farm Insurance
19. Kroger
20. Fannie Mae
21. Boeing
22. AmerisourceBergen
23. Target
24. Bank of America
25. Pfizer

# Fortune 500: Top 25 – By Sector

## 1979

- **Manufacturing** 12
- **Energy** 11
- **Communications** 2

## 2004

- **Manufacturing** 7
- **Finance/Insurance** 6
- **Retail** 4
- **Health** 4
- **Energy** 3
- **Communications** 1

# Definition of “New Economy”

**“It is a knowledge and idea-based economy where the keys to wealth and job creation are the extent to which ideas, innovation, and technology are embedded in all sectors of the economy.”**

**The State New Economy Index**  
*Progressive Policy Institute*

# **Transformation To The New Economy**

- **Emerged in last 15 years**
- **Altered industrial and occupational order**
- **High levels of entrepreneurial dynamism and competition**
- **Dramatic trend towards globalization**
- **Revolutionary advances in technology**

# September 11, 2001

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# **The National Economy, North Carolina, Carteret County, and the South**

# U.S. Economy

- **Net new jobs in 2004 through August: +1,440,000**
- **Until Q1 2004, manufacturing jobs down 43 straight months**
- **Manufacturing has created 97,000 jobs in 2004. But total manufacturing jobs lost since 2001 = 2,672,000**
- **Total jobs lost since 2001 = 913,000**

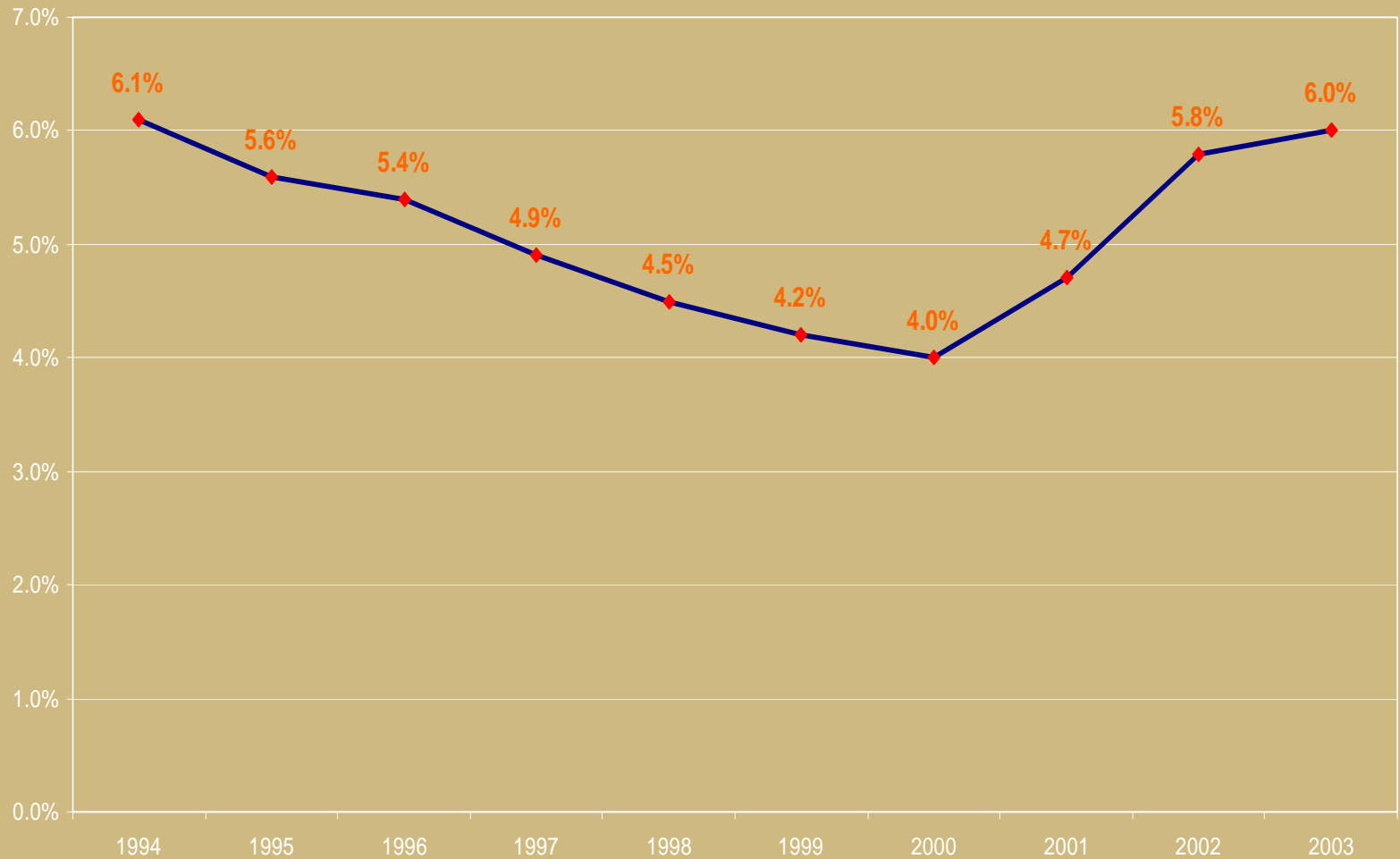
Source: U.S. Bureau of Labor Statistics

# U.S. Economy

- **Number of unemployed: 8.0 million**
- **From April to June, the labor force expanded by 629,000, compared to a decline of 228,000 over the prior three months**
- **Current unemployment rate: 5.4%**
- **Lackluster job growth and rising productivity are combining to depress wage growth pressures**

Source: U.S. Bureau of Labor Statistics, Economic Policy Institute

# National Jobless Rate Since '94



Source: Bureau of Labor Statistics

# Decline of Manufacturing: Manufacturing Jobs Lost in the South, January 2000 to December 2003

- Alabama: -66,500
- Arkansas: -35,900
- Florida: -73,200
- Georgia: -94,200
- Kentucky: -43,600
- Louisiana: -24,300
- Mississippi: -52,100
- **North Carolina: -179,100**
- South Carolina: -65,000
- Tennessee: -81,900
- Virginia: -73,200
- West Virginia: -13,700

Source: U.S. Bureau of Labor Statistics

# Decline of Manufacturing:

## Manufacturing Jobs Gained/Lost in the South, January 2004 to July 2004

• Alabama:	-500	• Mississippi:	2,500
• Arkansas:	-1500	• <b>North Carolina:</b>	<b>-6,600</b>
• Florida:	-2,800	• South Carolina:	-1,600
• Georgia:	1,300	• Tennessee:	-1,200
• Kentucky:	-10,200	• Virginia:	-2,700
• Louisiana:	1000	• West Virginia:	200

Source: U.S. Bureau of Labor Statistics

# Net Job Change in the South: January 2000 to December 2003

- Alabama: -56,200
- Arkansas: -10,200
- Florida: 424,000
- Georgia: -32,400
- Kentucky: -29,700
- Louisiana: -8,100
- Mississippi: -37,000
- **North Carolina: -108,600**
- South Carolina: -44,800
- Tennessee: -36,800
- Virginia: 60,500
- West Virginia: -9,400

Source: U.S. Bureau of Labor Statistics

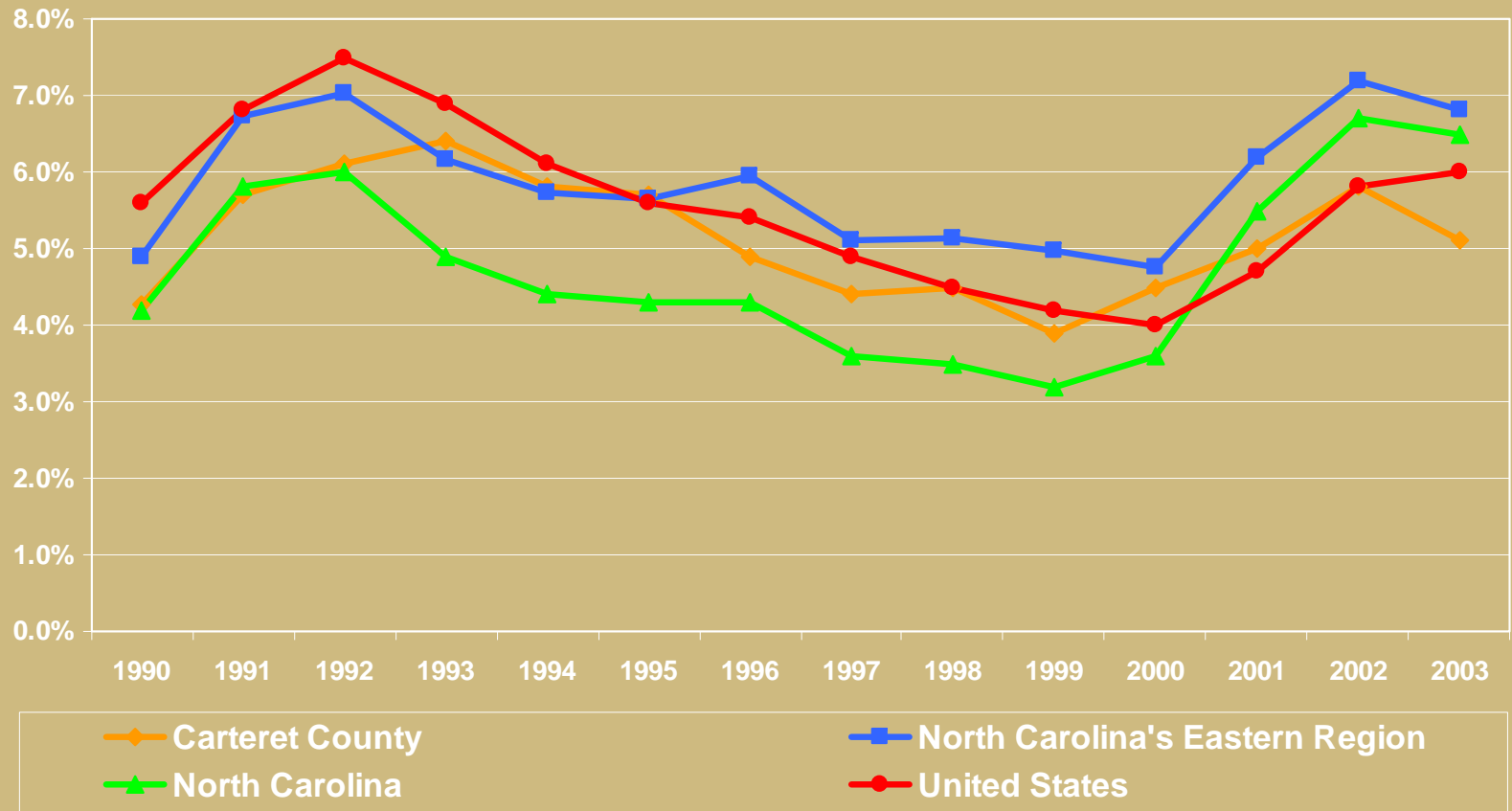
# Net Job Change in the South:

## January 2004 to July 2004

• Alabama:	10,800	• Mississippi:	6,700
• Arkansas:	7,100	• <b>North Carolina:</b>	<b>57,300</b>
• Florida:	85,700	• South Carolina:	24,100
• Georgia:	9,100	• Tennessee:	2,900
• Kentucky:	12,300	• Virginia:	72,600
• Louisiana:	13,200	• West Virginia:	11,600

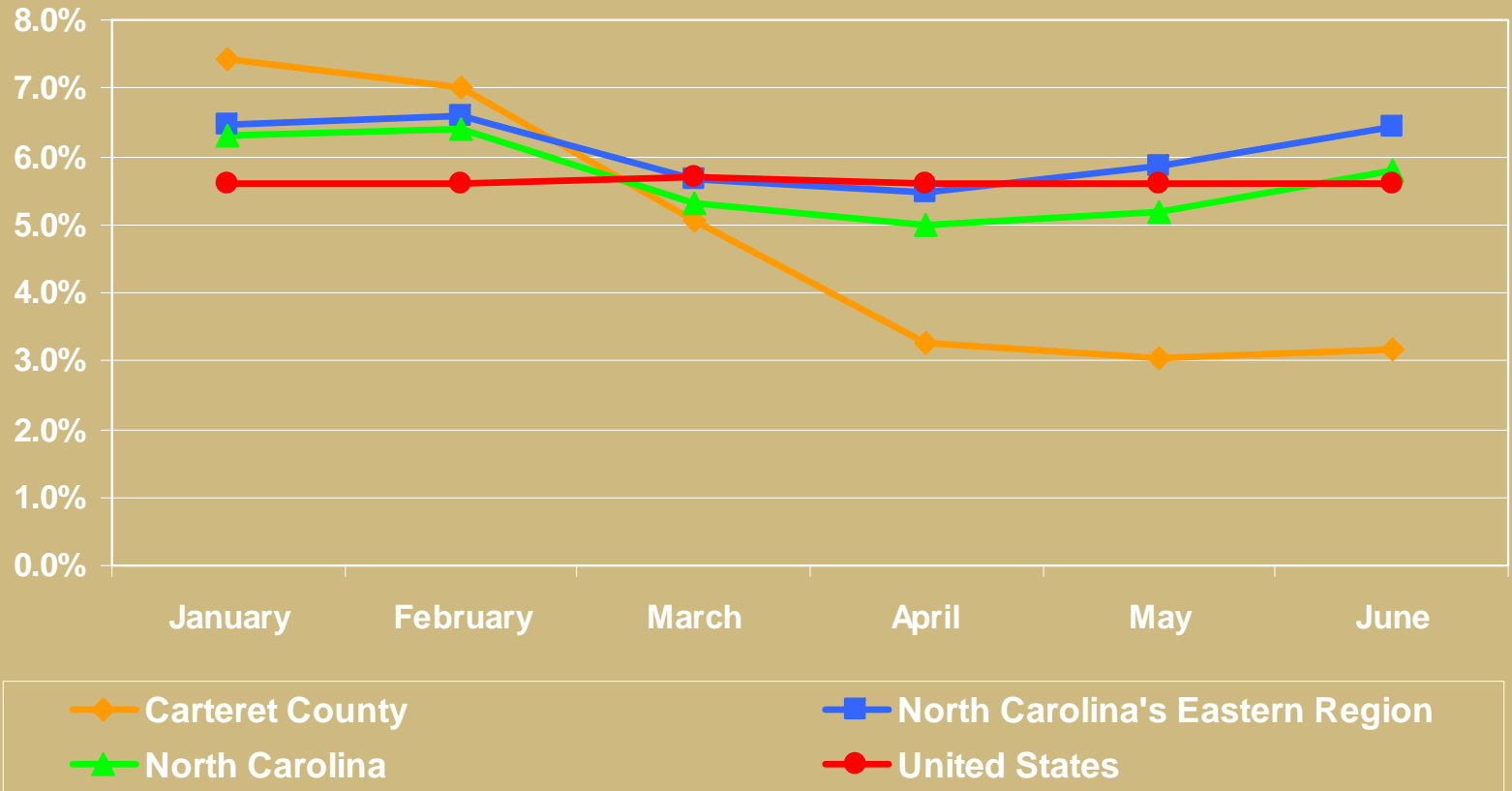
Source: U.S. Bureau of Labor Statistics

# Annual Unemployment Rate, 2000-2003



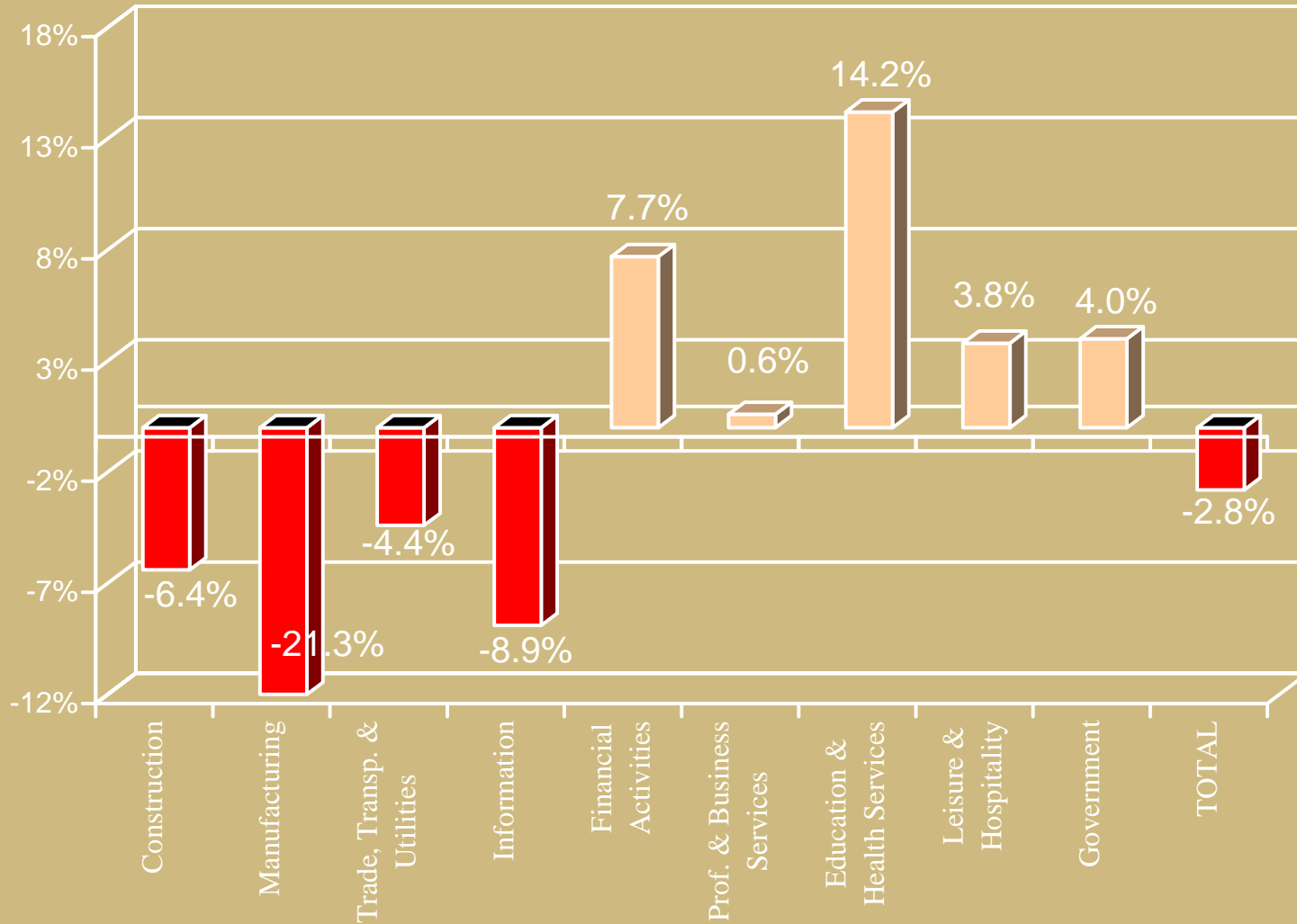
Source: U.S. Bureau of Labor Statistics

# Monthly Unemployment Rate, January to June 2004

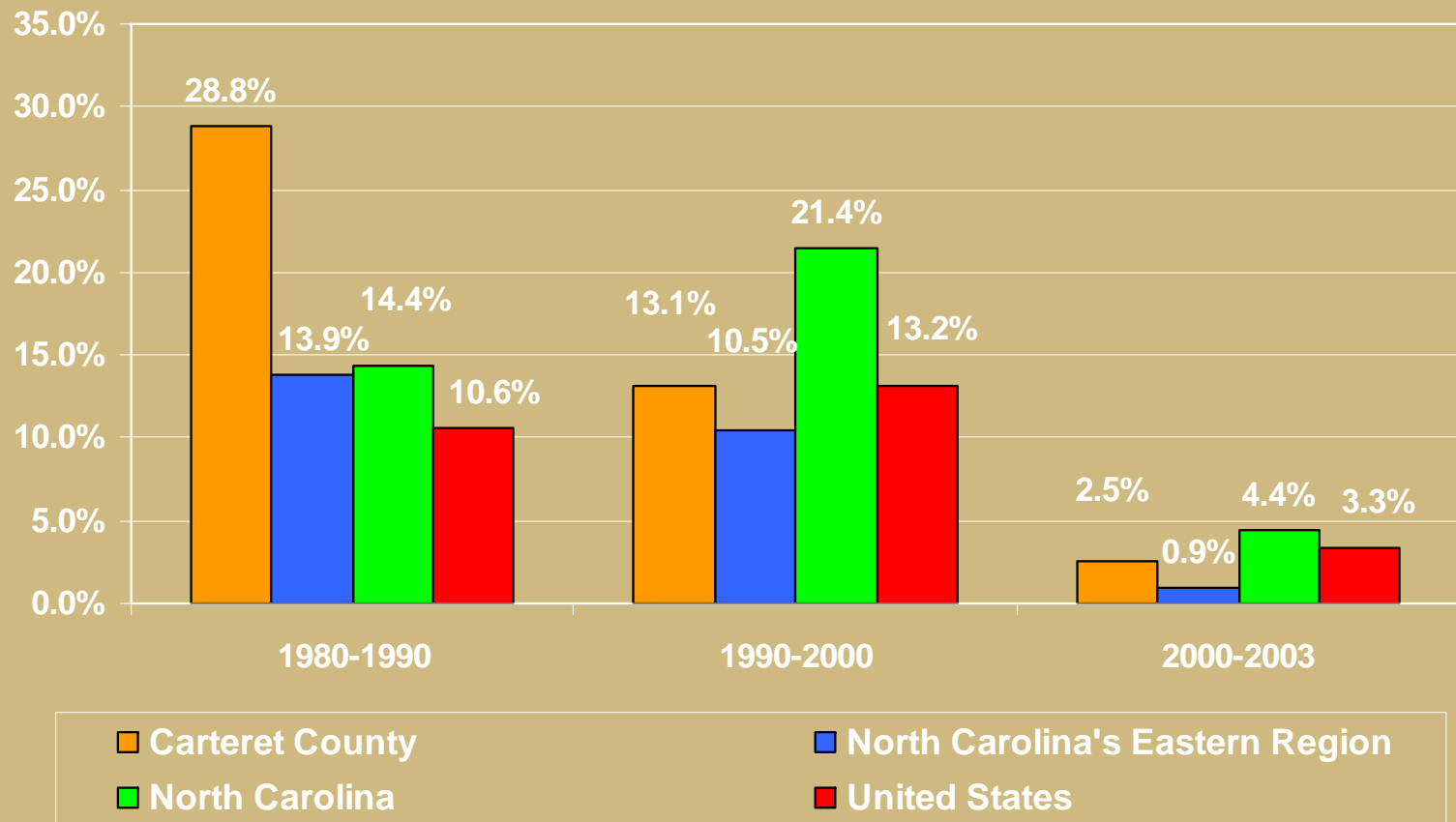


Source: U.S. Bureau of Labor Statistics

# NC Sector Employment Change: January 2001 to July 2004

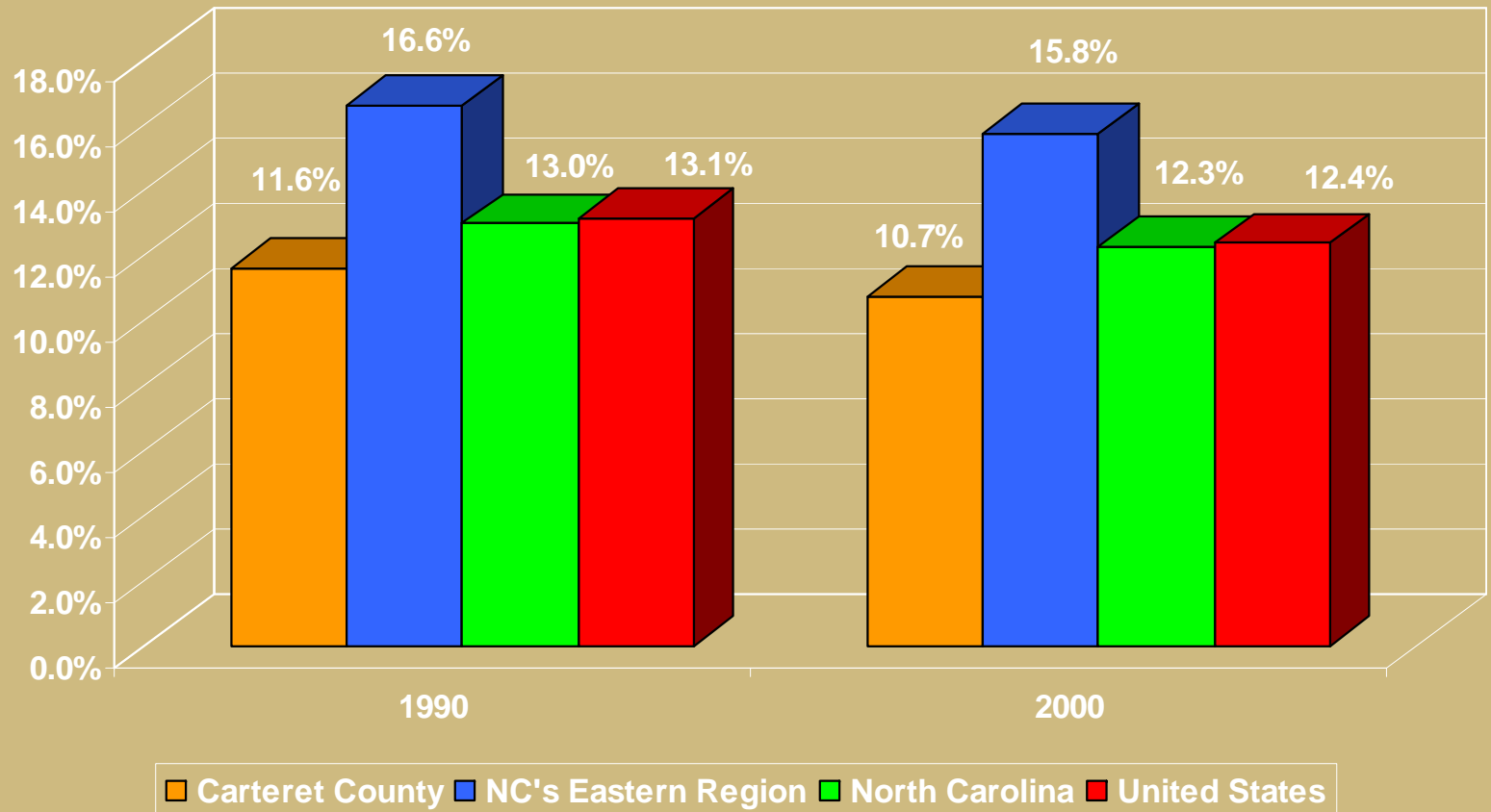


# Population Growth Rates, 1980 - 2003



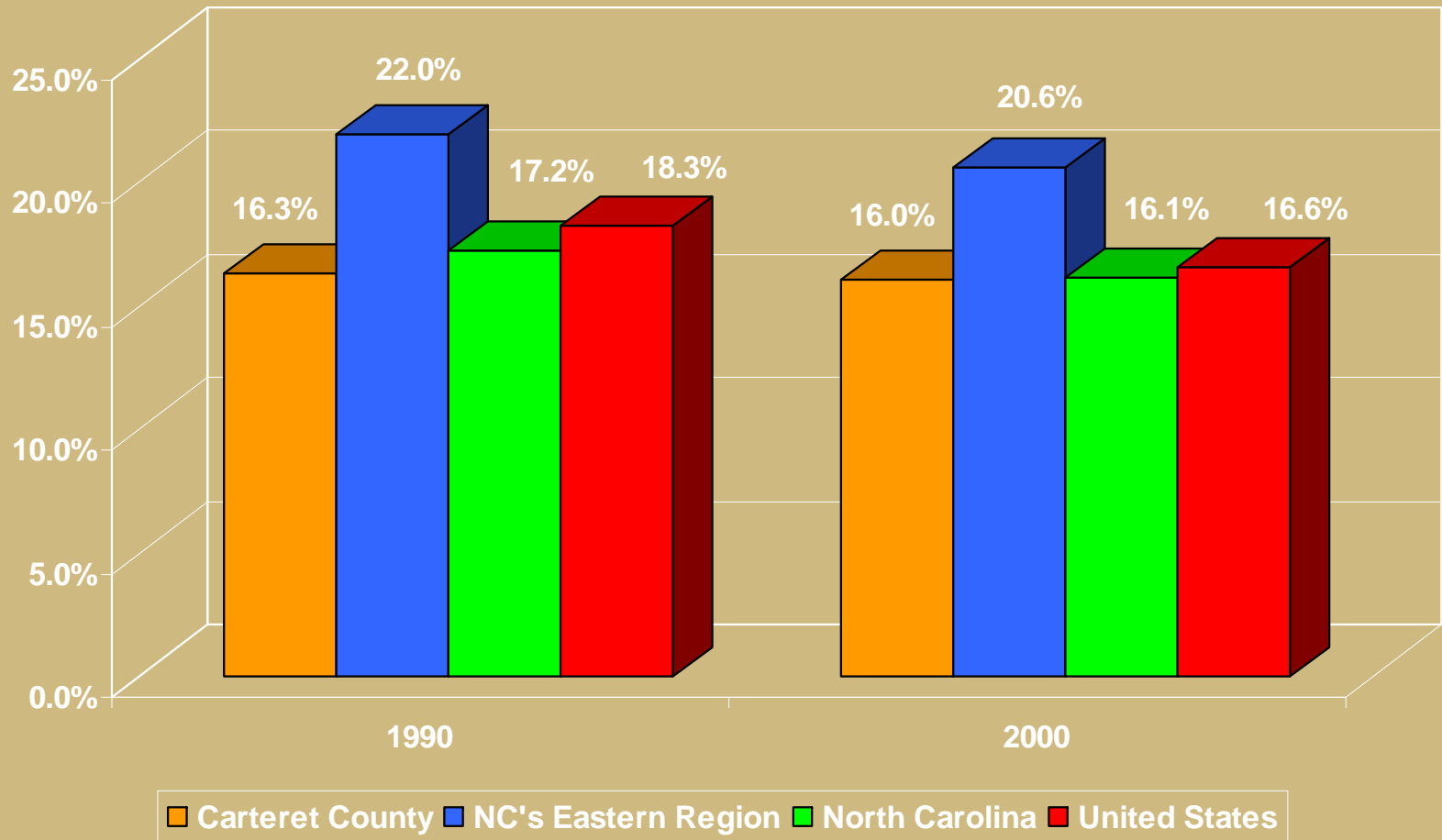
Source: U.S. Census Bureau. 2003 data are estimates.

# Percent of Individuals in Poverty, 1990 and 2000

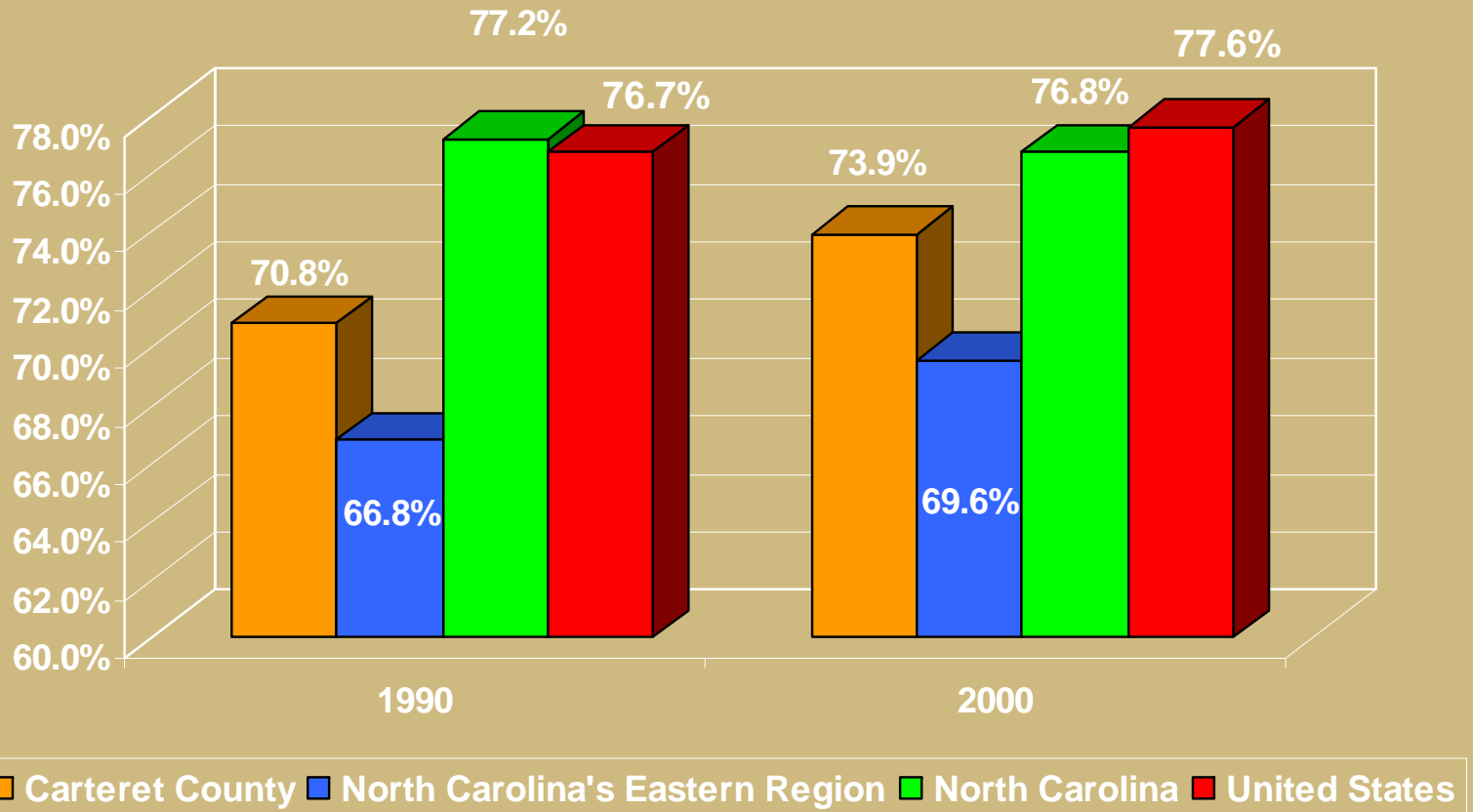


Source: U.S. Census Bureau

# Percentage of Children 17 and Under Living in Poverty

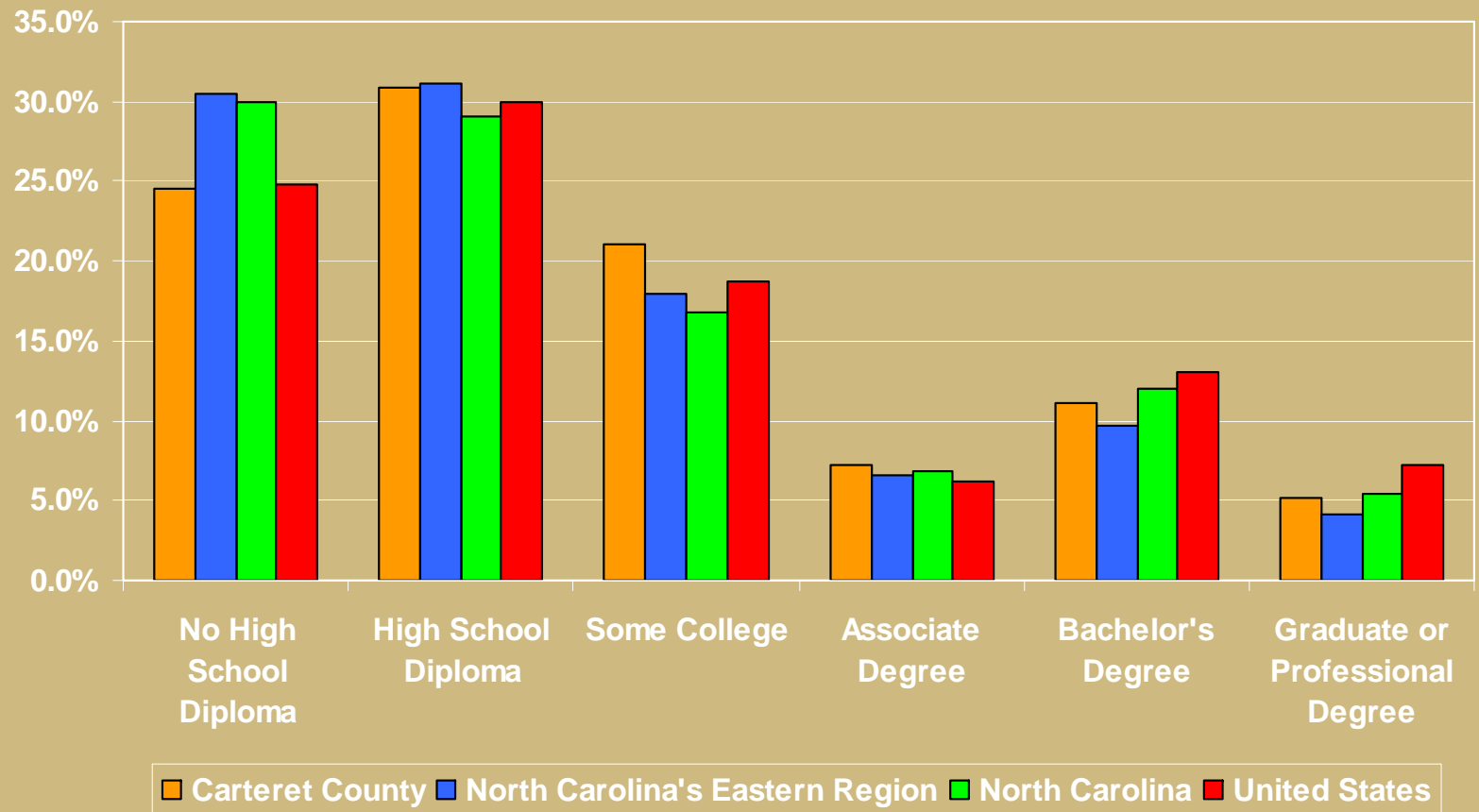


# Labor Force Participation Rates, 1990 and 2000



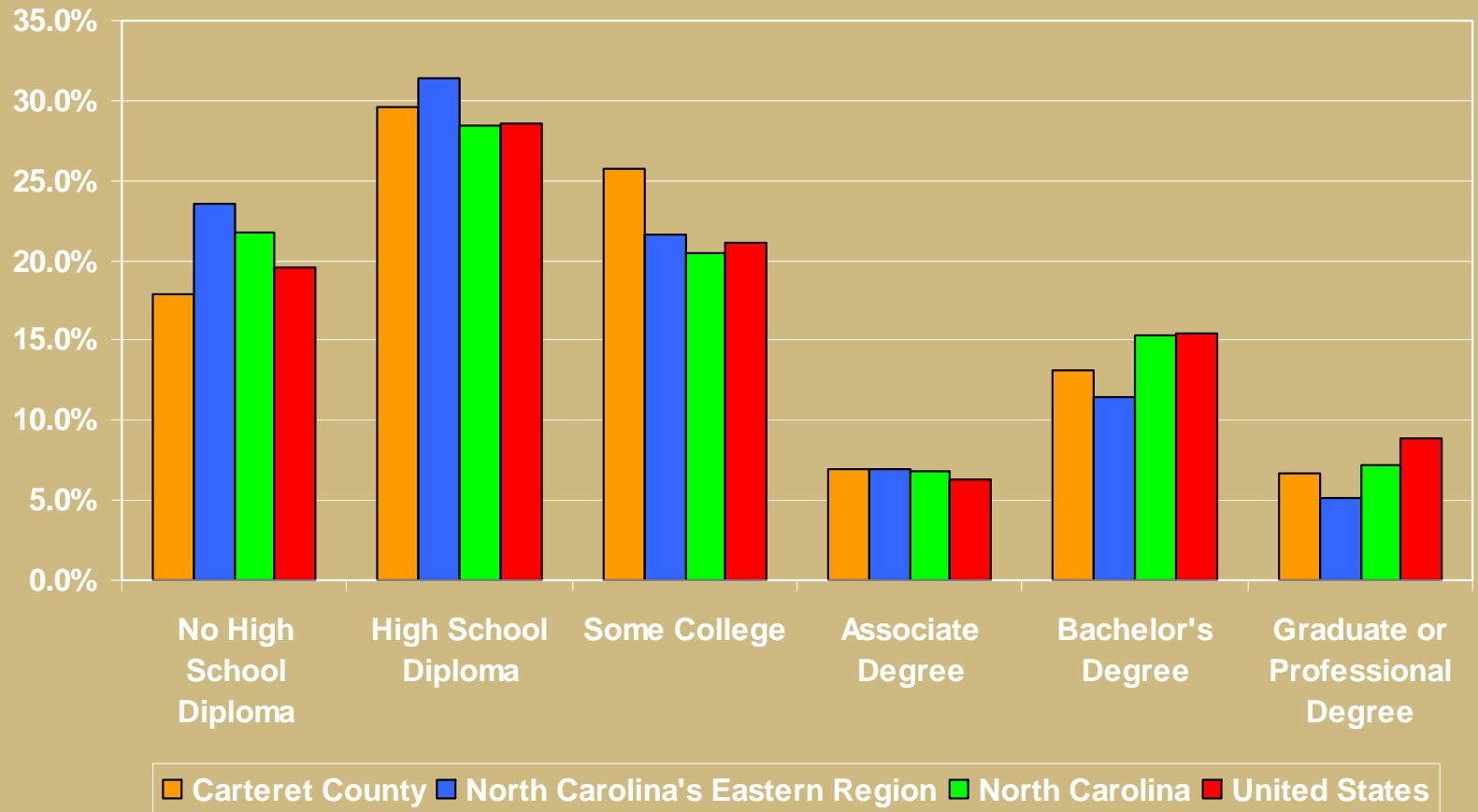
Source: U.S. Bureau of Labor Statistics; U.S. Census Bureau

# Educational Attainment for Population Over 25, 1990



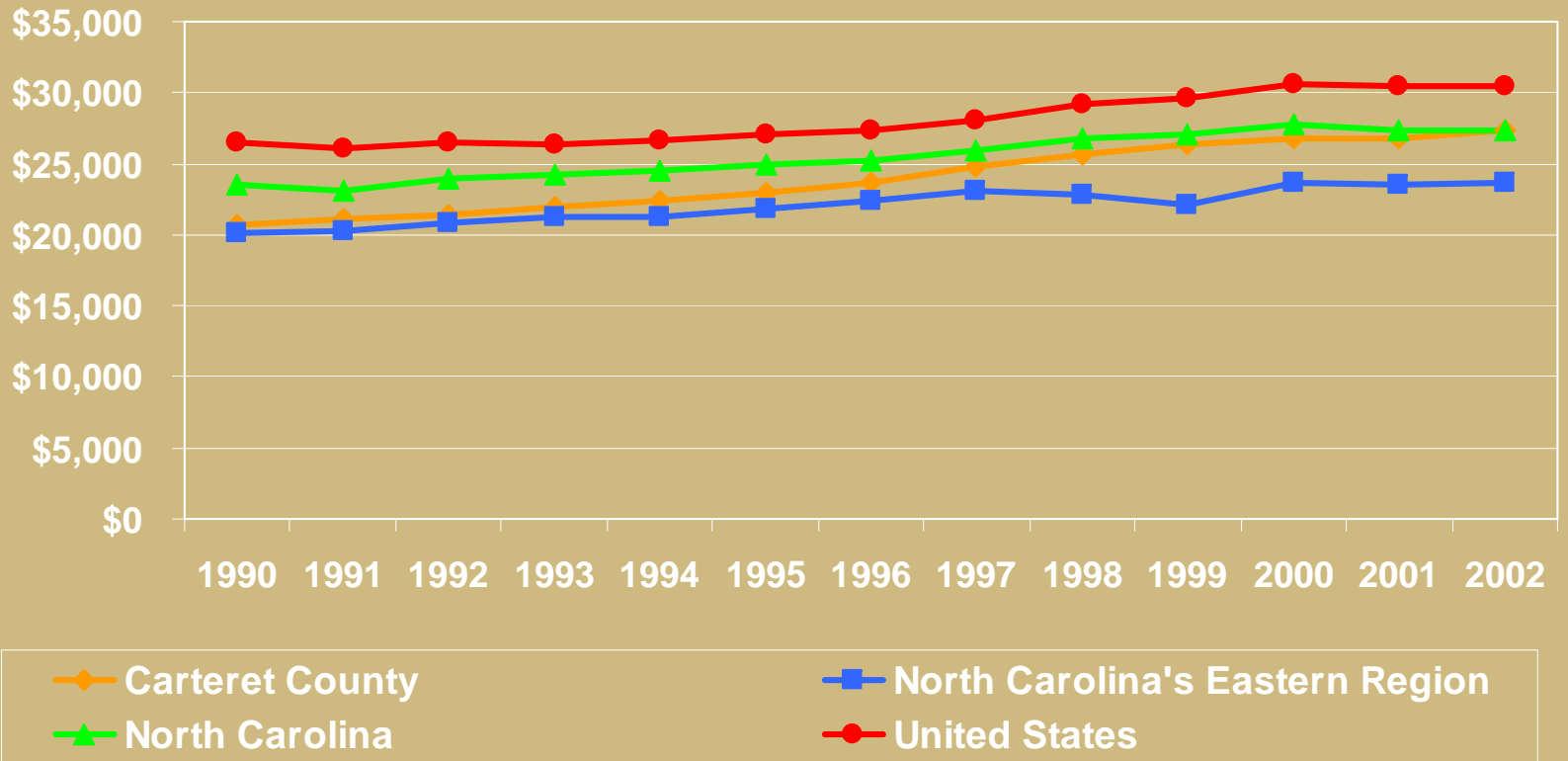
Source: U.S. Census Bureau

# Educational Attainment for Population Over 25, 2000



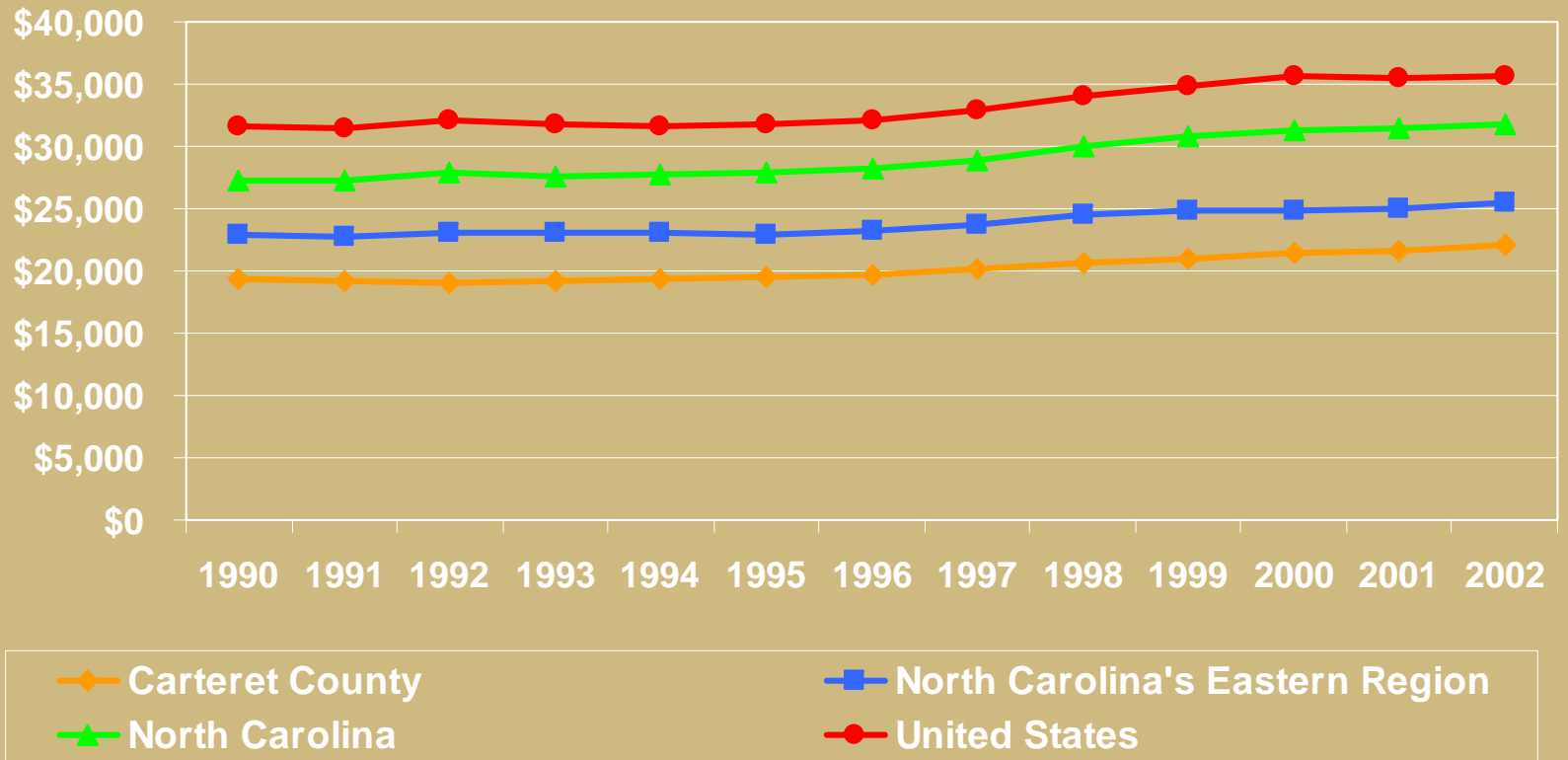
Source: U.S. Census Bureau

# Real Per Capita Income, 1990-2002



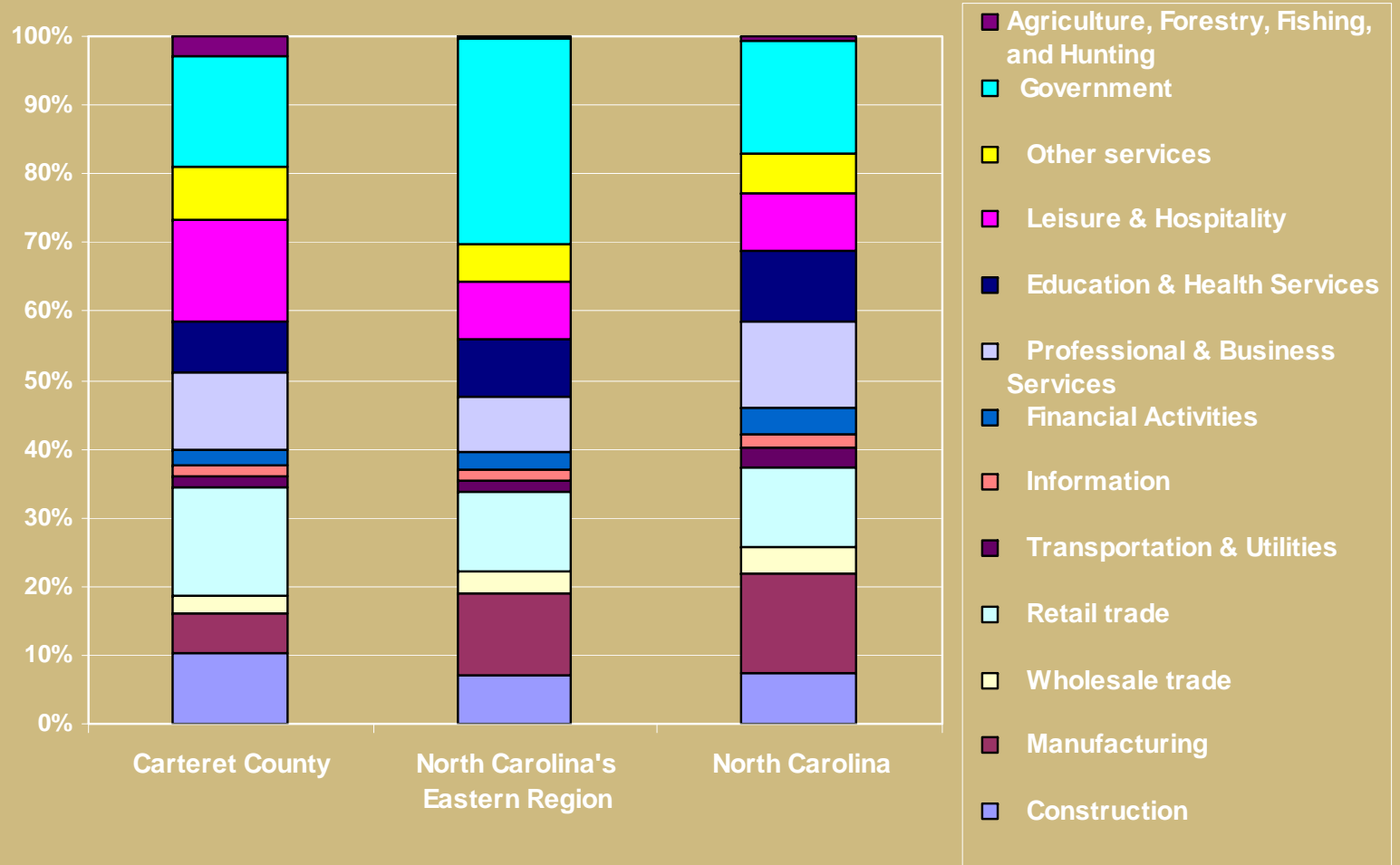
Source: U.S. Bureau of Economic Analysis. Indexed to 2002 CPI.

# Real Average Annual Wage, 1990-2002



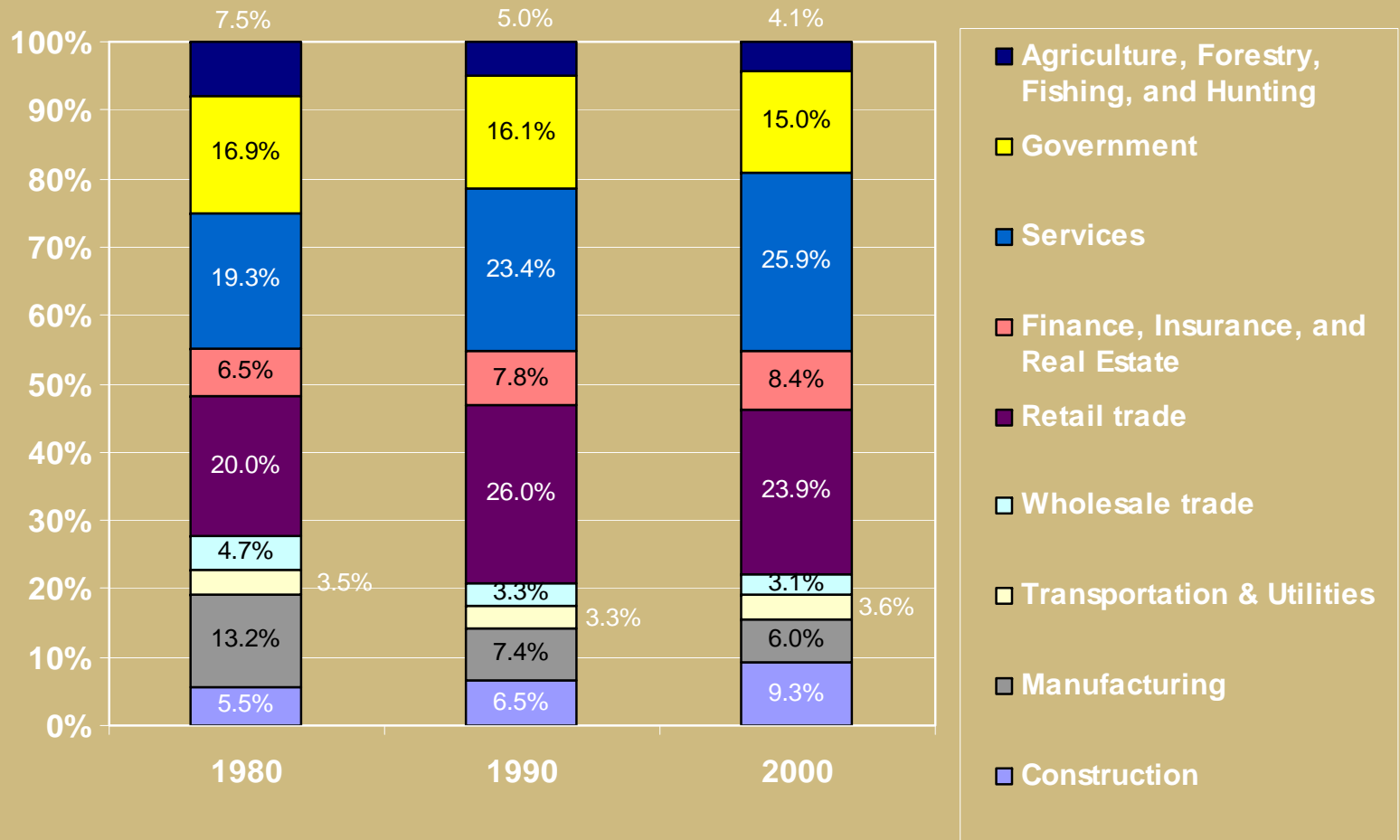
Source: U.S. Bureau of Economic Analysis. Indexed to 2002 CPI.

# Employment Sectors, 2002



Source: U.S. Bureau of Economic Analysis.

# Sector Employment Trends: 1980, 1990, 2000: Carteret County



Source: U.S. Bureau of Economic Analysis

# Bracing for BRAC 2005

- **NC - estimated \$18 billion-a-year military industry. (3<sup>rd</sup> largest military population in the country behind California and Texas).**
- **Since 1988 four rounds of base closings have led to the closure of 125 major and 225 minor military bases and the realignment of 145 others nationwide.**
- **The Bush administration has said that as many as one in four military bases are excessive and eliminating them could save \$3 billion a year.**

Source: U.S. Department of Defense

# Bracing for BRAC 2005

- **94,000 active-duty military personnel, 32,000 reserve and National Guard and 16,000 civilians in North Carolina last year.**
- **Total payroll in NC (including retirees) – Over \$5 billion.**
- **Military contracts totaled \$1.5 billion.**
- **The troops and their families buy and rent houses, stay in hotels, eat and shop locally.**

# Bracing for BRAC 2005

- **Marine bases at Camp Lejeune, New River and Cherry Point hired more than 61,000 military and civilians, attracted 16,000 retirees and had an economic effect of \$3.6 billion last year.**
- **The depot at Cherry Point employs about 4,000, filled mostly by residents from four or five area counties.**
- **Employees are mostly civilians making an average salary of \$49,000.**
- **Two Super Hornet Squadrons based at Cherry Point.**

Source: U.S. Department of Defense

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# Key Trends in Economic Development

**“The United States now has to compete for every job going forward. That has not been on the table before. It has been assumed we had a lock on white-collar jobs and high-tech jobs. That is no longer the case.”**

**Craig Barrett, CEO  
Intel**

# **Five Key Trends**

- 1. Globalization**
- 2. Technology and Telecommunications**
- 3. Regionalism**
- 4. Sustainable Development**
- 5. Workforce Development**

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# 1. Globalization

**“Globalization is not a phenomenon. It is not just some passing trend. Today it is the overarching international system shaping the domestic politics and foreign relations of virtually every country, and we need to understand it as such.”**

**Thomas L. Friedman**  
*The Lexus and the Olive Tree*

# **Globalization**

**The playing field is the world!**

- **Coca-Cola in Europe**
- **European Monetary Union**
- **NAFTA, WTO, China**
- **Foreign Competition**
- **Increased Exports**
- **Investment Competition**
- **Privatization**

# Current Investments in China

Company	Operations	Employees	Investment
Coca-Cola	31 plants	20,000	\$1.1 B
Kodak	5 plants; 8 outlets	5,000	\$1.2 B
Motorola	2 plants	12,000	\$3.4 B
Proctor & Gamble	5 plants	4,000	\$1 B
Siemens	40 companies	21,000	\$610 M
YUM Brands	800 KFC; 100 Pizza Huts	50,000	\$400 M
Danone	50 plants	25,000	N/A

# “The Death of Distance”

**“Two tremendous changes are driving through the world economy; technological advances in computing and communications and globalization, caused by the fall in barriers to trade and investment. The death of distance brings the two together. As the world moves toward virtually free electronic communications capacity, trade and investment flows will transform patterns of economic activity around the world.”**

**Frances Cairncross**  
*The Death of Distance*

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## 2. Technology and Telecommunications

# **Technology and Telecommunications**

- **“The Death of Distance”**
- **Accessibility Substitutes for Physical Location**
- **The Internet and Computer Networks**
- **Telecommuting and Mobile Work**

# Technology and Telecommunications

To compete in this environment, communities must have high speed communications networks (*fiber optic cable, broadband capacity, digital switching, ISDN lines*) and a skilled workforce.

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# 3. Regionalism

# Regionalism

- **Meaningless Boundaries**
- **Capacity Building and Marketing**
- **Public-Private Partnerships**

# Types of Regionalism

- **Major Metro Areas**
- **State-Sponsored Regions**
- **Rural Partnerships**
- **Interstate Corridors**

# **Reasons to Forge Regional Partnerships**

- **Greater Capacity and Resources**
- **Stronger United Leadership**
- **Economy of Scale**
- **More Choice for Customers**
- **Greater Strength at State Level**
- **A Pathway to Other Problem Solving**

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# 4. Sustainable Development

# **Sustainable Development**

- **Present Needs and Future Generations**
- **Long-Term View**
- **Interdependence of Economy and Environment**
- **Long-Term Growth Occupations**

# **Sustainable Development - Programs**

- **Wise Growth**
- **Redevelopment**
- **Brownfield Reclamation**
- **Land Conservation**
- **Special Purpose State Entities**

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# 5. Workforce Development

# **Workforce Development**

- **#1 Economic Development Issue**
- **Today's College Students**
- **New Job Requirements**
- **College Degree**
- **“Technicolor South”**

# Workforce Development

**From June 2001 to June 2004, the unemployment rate in the United States for:**

- **People with less than a high school degree jumped from 6.3% to 8.8%.**
- **High school graduates without any further education increased by almost 50% to 5.1%.**
- **Those with some college but no degree increased from 3.1% to 4.2%.**
- **Bachelor's and advanced degree recipients dropped to 2.7%.**

# “Job Churning”

- “Churning” is driven by new technology, increased competition and increasing globalization.
- Nearly 75% of all net new jobs are being created by “gazelle” firms (firms that have increased annual sales revenue by 20% for 4 straight years).
- Almost a third of all jobs are in “flux” every year – they have either been recently added or will soon be eliminated from the economy
- All told in 2010: 167.8 million jobs vs. 158 million workers. A worsening labor deficit. In 2000, 146 million jobs, 141 million workers.

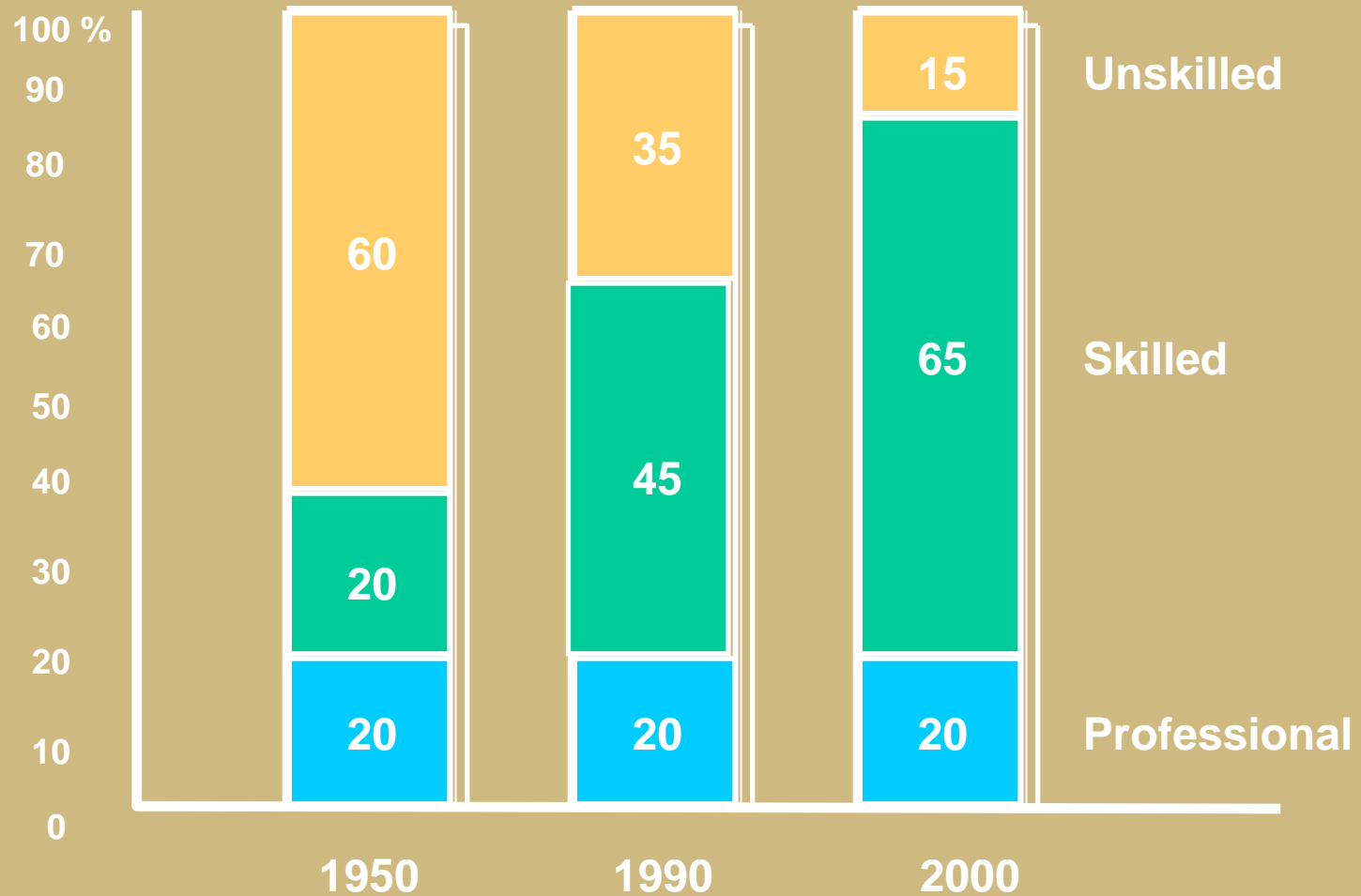
# What Kinds of Jobs are Coming

- **Demand for skilled workers will only intensify, 42% of US jobs in 2010 will require technical (vocational) or academic degrees, up from 29% in 2000**
- **Nearly 7 in 10 new jobs will be in health care... home care aides, medical and dental assistants, pharmacy technicians, medical record-keepers**
- **8 of 10 fastest growing jobs are in computers. Not programmers but software engineers, support specialists, network administrators**
- **All told in 2010: 167.8 million jobs vs. 158 million workers. A worsening labor deficit. In 2000, 146 million jobs, 141 million workers**

# Fastest Growing Occupations, 2002 - 2012

<i>Business Groupings/Sectors</i>	<i>Education and Training Required</i>
Medical Assistants	Moderate-term on-the-job training
Network Systems and Data Communications Analysts	Bachelor's degree
Physician Assistants	Bachelor's degree
Social and Human Service Assistants	Moderate-term on-the-job training
Home Health Aides	Short-term on-the-job training
Medical Records and Health Information Technicians	Associate degree
Physical Therapist Aides	Short-term on-the-job training
Computer Software Engineers, Systems Software	Bachelor's degree
Computer Software Engineers, Applications Software	Bachelor's degree
Physical Therapist Assistants	Associate degree

# Required Job Skills are Increasing



**“Keep your incentives and highway interchanges. We will go where the highly skilled people are.”**

**Carly Fiorina, CEO  
Hewlett - Packard**

# **Carteret County Assets – Marine Training and Research**

- **Marine Training and Education Center (MARTEC)**
- **Duke University Marine Laboratory**
- **UNC-Chapel Hill Institute of Marine Sciences**
- **NOAA's National Ocean Service Center for Coastal Fisheries and Habitat Research**

# How to Measure Success

# Indicators of Success

- **Median per capita income**
- **Reduction in teenage pregnancy**
- **Reduction in long-term unemployment**
- **Increase in high school graduation rate**
- **Growth in the number of self-employed**
- **Investment in local infrastructure development**

*Source: Market Street Services, Inc., 1999*

# Indicators of Success

- **Reduction in infant mortality rate**
- **Increase in tourism/travel dollars spent**
- **Reduction in the poverty level**
- **Increase in investment of existing businesses**
- **Steady population growth (in-migration)**

*Source: Market Street Services, Inc., 1999*

# Going Forward

**“We are in uncharted waters. In what sector of the economy can we find a driver for recovery – and how do we make it happen? We are at a loss.”**

**Gary Shoesmith  
Center for Economic Studies,  
Wake Forest University  
December 2002**

**“We seem to be on track, but...  
it’s not a ‘gimme’ putt.”**

**Alan Greenspan**

**July 2, 2004**

# What I See – September 2004

1. **This is not the 1990s, and they will never be back;**
2. **Regional economy continues to “struggle,” but the “bleeding” is slowing;**
3. **Number and size of projects down – some projects in logistics, transportation, healthcare, and financial services;**
4. **Business investment improving, further delays in final decisions;**
5. **After rising noticeably in June and July, consumer confidence fell 7.5 points in August;**
6. **Bankruptcies were at all time high in 2003 and small business starts are down;**

# What I See – September 2004

6. The stock market has lost approximately \$6 trillion in value since January 2000;
7. The federal government continues to be a key job creator;
8. State budgets are a mixed bag: 33 face budget shortfalls (\$40B) for 2005; and
9. The short-term question marks are:
  - *The continuing costs (human and fiscal) in Iraq;*
  - *The Middle East and North Korea;*
  - *The dollar, the trade deficit, the federal deficit;*
  - *The price of oil; and*
  - *Another 9/11 event.*

# Actions for this Economy

1. **Concentrate on improving the quality of the workforce – it is and will remain the #1 issue in economic development;**
2. **Nurture existing business – create technology-based system for growth companies/businesses...don't waste time;**
3. **Support entrepreneurship in new ways – cultural issue;**
4. **Recruit carefully and smart, based on asset advantages and existing connections – clear strategy for each cluster or area of emphasis;**
5. **Look for “overlooked” assets and opportunities – multiple strategies are key;**
6. **Marketing reality –quality website and personal relationships are the necessities; and**
7. **Remember Quality of Life is very important and it is an individual choice.**

**“The future is not a result of choices among alternative paths offered by the present, but a place that is created first in mind, next in will, then in activity. The future is not some place we are going to, but a place we are creating. The paths are not to be discovered, but made, and the activity of making the future changes both the maker and the destination.”**

*Author Unknown*

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# Economic Summit

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Facing Today's Realities and Challenges

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