Protest demonstrations continue across the U.S. in the aftermath of the deaths of Eric Garner and Michael Brown, who died as a result of force by police officers. Grand juries in New York and Missouri declined to indict officers in these cases. Robust debate continues on how to interpret forensic evidence, gauge the credibility of key eye-witnesses, and evaluate policies governing police tactics and use of force.

Leaving to others the analysis of the criminal justice and sociological dimensions of these tragedies, I’d like to draw your attention to a core question of economics. In focusing on the economics here, I certainly do not mean in any way to be insensitive to the loss of life, nor to gloss over the complicated and dangerous nature of policing. What I am trying to do instead is identify at least one place of common ground and understanding from which we can start a wider conversation.
From an economic perspective, we know that our failure to integrate minority communities fully into the wider economy has many costs. A recent report estimates that prevailing rates of income differential by race yield an annual loss on the order of $9.4 billion dollars to the Piedmont Triad region’s GDP. Though it is a rough estimate, the measure has sound underlying logic. Eliminating factors that contribute to differentials in occupational attainment would result in higher overall attainment, output, and productivity.

Applying the same percentage drag to GDP for the economies of the Triangle and Cape Fear regions (both have commissioned forthcoming similar reports), we are able to estimate a net loss to annual GDP from racial gaps in income for the Triad/Triangle/Cape Fear regions of more than $20 billion. Applying the same percentage drag to total North Carolina GDP, we find that racial gaps in income cut a prospective $61 billion that would have been available to augment NC’s 2013 GDP of $471 billion. That missing $61 billion represents a thirteen percent drain on potential statewide GDP.

As I’ve written in my earlier newsletters, poverty in North Carolina is growing. I’m worried that shifts in the economy portend turbulent times ahead for the huge numbers of low- to moderate-income citizens, cohorts that include disproportionately high minority representation. Many economists argue convincingly that skills needed for tomorrow’s economy are sorely lacking in our vulnerable communities.

How we respond today will determine the future of North Carolina tomorrow. I’m ecstatic about the
steps being taken by several of our communities to boost educational attainment and workforce preparedness in minority communities (more on these steps in a future newsletter). I hope that all of us, here in North Carolina and across the U.S., confront this challenge. Just think of all the great things that an additional $61 billion of annual GDP would mean for North Carolina!


Donnie Charleston
IEI Economy Policy Manager
donnie_charleston@ncsu.edu

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