January 15, 2015

As the new year begins, it’s again time for predictions and prognostications about our national and state economy. The collective wisdom of our state’s greatest economic minds suggests that good times are on the horizon for North Carolina. At the least, we’re likely to continue a decent rate of growth for 2015.

Although I welcome the good news, it’s incumbent upon me to point out our challenges and our potential opportunities. I’ve written *ad nauseam* about the challenges faced by our great state. Most of these challenges are not new - we face aging infrastructure, rural underdevelopment and stagnation, human capital & workforce challenges, just to name a few. But as I ponder the opportunities, I’m left wondering: just what is the next big thing for our economy?

There are those who argue that we have already grabbed the low hanging fruit, and that we are in line for some very dark times ahead. Essentially, those like economist Robert Gordon contend that the most important innovations of the past century were created in the mid-1900s - innovations like electricity spawned not just growth, but hundreds of separate industries. Moreover, they argue that the ceiling for recent inventions is relatively low. Inventions like the wireless telephone are dismissed as mere extensions of the standard landline telephone, and pale in comparison to the transformative nature of the
industrial revolution on improving our standard of living and boosting the economy. To this view, the IT/digital revolution, the Genomics Revolution, the Mobile Revolution, the Big Data Revolution combined simply don’t measure up. Moreover, Gordon argues that our economy may be headed for a severe downturn for the remainder of this century.

On the other hand, there are the tech-optimists, like economist Erik Brynjolfsson, who argue that we are just beginning to scratch the surface of possibilities presented by robotics, automation, and digitization. They point to the possibilities of machine-to-human interaction and innovations like self-driving cars as indicators of what’s to come.

Who’s right? Only time will tell. But one thing is certain: innovation and economic advances are geographically dependent. Prosperity does not accrue everywhere at the same time. There are those who benefit early, and those who benefit late. The industrial revolution is only beginning to take hold in some parts of the globe, and the technological revolution shows the same pattern. At the nation-state level, the southern region of the United States began to take steps as leaders in the national economy only just recently. If states like North Carolina are to be at the front of the pack, we must be on the cutting edge of the next big thing. One need only look at some of our Southern neighbors that have not yet made the transition to get a glimpse at true stagnation.

We’ll be exploring some of those emerging technologies and opportunities at the annual Emerging Issues Forum, February 9-10 at the Raleigh Convention college, and Places for Innovation challenges, and we want you to let us know who should win! Keep an eye out for a voting link soon!

Source: The Atlantic
Center. I’m especially intrigued by one of our five Innovation Labs on the Sensor Revolution & Internet of Things. I hope you’ll join me to figure out how your organization or community will help lead the way to prosperity and big things for the future of our state.

Donnie Charleston
IEI Economy Policy Manager
donnie_charleston@ncsu.edu

You are receiving this message because you signed up for issue specific communications from IEI. Questions? Concerns? Email us.