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The Rural Revival in an Urbanizing Economy

Anyone who pays attention to the General Assembly saw this coming: the emergence of the voice of rural North Carolina. This was inevitable given the structure of the General Assembly with respect to its strong rural representation. The best example of this rural muscle-flexing is the current sales tax redistribution proposal, which would shift funds from urban to rural locales.

Rural communities have long resented how the state’s Jobs Development Investment Grant (JDIG) program has allocated the overwhelming majority of its funds to urban communities. In the past two years, eighty-six percent of JDIG grant funding has gone to projects in Mecklenburg, Wake, and Durham counties. Rural communities have cried foul and have cited this skewed distribution as a motivating factor for pushing the sales tax redistribution proposal.

While that is indeed an important underlying issue, the central principles at hand are the state government’s role in meting out the collected revenue to its constituent entities - that is, to local governments - and its role in shaping the future of North Carolina’s economy, an economy that is rapidly urbanizing. As you can see below, global population and thus economic activity continues to shift toward

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Read Dr. Mike Walden’s op-ed here.
ever greater urbanization. North Carolina is no
different.

We don’t know how our rural communities will fare as
this urbanization continues. As for the current sales
tax debate, we’re left with many pressing questions
unanswered:

- **What are the best bets for rural communities
  in meeting not just current but future
  challenges of economic development and job
growth?**
- **What is the dollar figure needed to move the
  needle on rural economic and jobs growth?**
- **Given those answers, will the proposed shift in
  sales tax resources significantly improve the
  plight of rural communities?**

As a state, we have yet to confront these questions.
While money is indeed important, having a vision and
strategic plan for rural job growth is an even more
critical. The central challenge we face is: **How will
our rural communities fare in the face of growing
unemployment resulting from increasing
automation, increasing offshoring fueled by
technology, and growing deficits in both human
capital and infrastructure?**

Unfortunately, for now, we’re stuck in the politics
and concerns of today, but the economy of tomorrow
is already on our doorstep. Its early messengers are
driverless cars (98,900 NC jobs lost by 2040) and
automated grocery and restaurant check-out counters
(375,460 NC jobs lost by 2040). Next it will be robust
software that eliminates the need for
accountants/bookkeepers (100,480 NC jobs lost by
2040), and middle managers. These numbers come from NC State economist Mike Walden, who discussed technological unemployment in a recent op-ed. To put these numbers in perspective, North Carolina is projected to create a mere 82,000 jobs this calendar year.

These waves of change may have disproportionate impacts on rural communities. But urban areas may also take a big hit since many companies best poised to eliminate jobs through automation are in urban locales. Although some observers believe that technology will spark whole sectors of new economic activity plus lots of new jobs to go with them, I tend to worry about technology's impacts on net future job growth. Whatever the future may hold, I think it makes sense to embrace the maxim “hope for the best but prepare for the worst.” Throughout the late 1990s and during the Great Recession, North Carolina has already witnessed what it feels like to be on the hard-luck side of the job loss ledger. I’m sure you all share with me a desire to ensure that we don’t repeat that experience.

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