

MAJOR TRENDS FACING NORTH CAROLINA

IMPLICATIONS FOR OUR STATE AND THE UNIVERSITY OF NORTH CAROLINA



The Two North Carolina Problem and the Civil Society Implications By: Dr. Nelson Reid

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A brief prepared for the UNC Tomorrow Scholar's Council

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Abstracted principal points:

- **NC has experienced an economic transformation from tobacco, textiles, furniture to banking, pharmaceuticals, technology, research and education.**
- **Over the same period it's population has grown, especially in expanding metro areas (as opposed to the small towns that once characterized the state) most of it from migration of educated workers on the "new economy", retiree's into the high amenity recreation areas, and low skilled, often Hispanic, workers into the expanding service sector and what's left of low wage manufacturing.**
- **The "old economy" rural areas and the rural counties that have become low density, low cost housing "suburbs" for nearby prosperous areas have levels of income, crime, educational achievement, and unemployment in stark contrast to the growing metro areas.**
- **The new populations at both ends of the socioeconomic spectrum, the high levels of income disparity, cultural differences, low levels of education for some, out of state retirees with often limited social or community commitment and low tax expectations, the increasing concentrations of relative privilege and the increasing distance of poverty and need all place strain on civil society and in turn makes stable and rational governance difficult.**
- **The University of NC has been directly and importantly involved in previous economic and social changes in the state.**
- **The University has an opportunity to recommit itself to expanding the capacity of NC citizens and residents to participate knowledgeably and meaningfully in the social and economic development of the state through systematic engagement and dialogue and to contribute to the strengthening of civil society, both in the sense of shared values, understanding and intentions as well as the development of non profit and non governmental organizations so necessary for social stability and progress.**

In the past few decades, North Carolina has undergone a dramatic transformation that has witnessed the decline of textiles, tobacco, and furniture, once stalwarts of North Carolina's economy, and the emergence of banking, technology development, and research as central to our economic and social development today. The consequence of this has been a shift of population, and cultural focus, from an extensive number of small- and middle-sized towns (and no large cities) typical of the state for most of the 20th century, to the sizeable regional city-states of Charlotte, the Triangle, the Triad, the Asheville area, and Wilmington and the southeast coast. These areas, while distinct in many ways, have come to characterize the "new" North Carolina of prosperity, opportunity, and cultural dynamism. Some 70% of North Carolinians live in these areas.

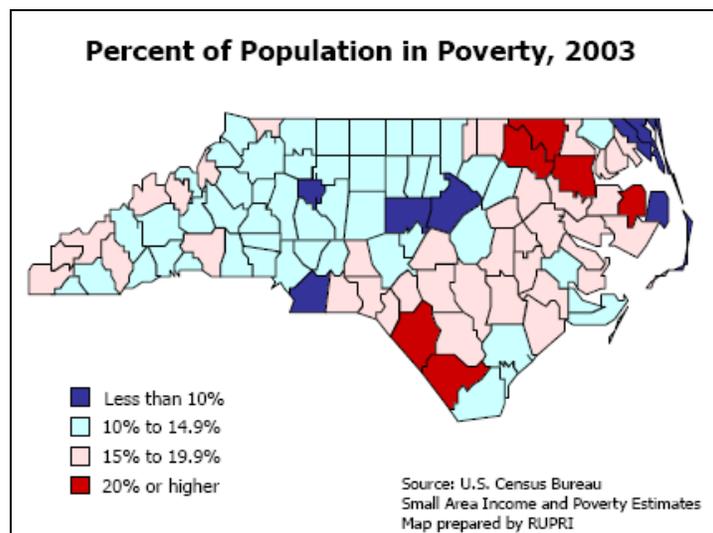
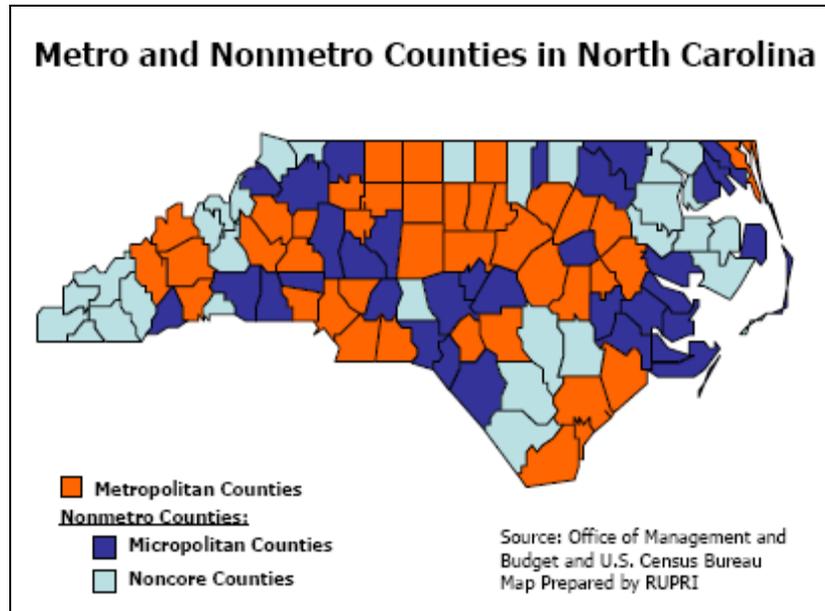
But in between these large, somewhat sprawling and interlocked regions of general prosperity is the "old" North Carolina, and that one is in equally rapid change and in some cases decline. The Chapel Hill-based Manpower Development Corporation (MDC) in its "State of the South" series first observed that there are two Souths: a metro, progressive South making the transition to the new economy and a largely rural, small town South that can claim as its principle export its high school graduates. The first South includes many "rural" counties, many along the coast and in the mountains that are rich in natural and cultural amenities, and have attracted retirees and other new residents and counties on the fringe of booming metro areas that have been transformed to exurbia, with sprawling new bedroom communities and employment centers.

That second South, the MDC report points out, is not in temporary decline but is caught in long-term, and likely enduring, trends of agricultural labor decline, manufacturing loss, communication technology change, and globalization. While NC is rather better off than many Southern States in regard to the disparities among rural counties some 20 NC counties are ones of "persistent" poverty (meaning 20% or higher in each census since 1960). The fate of many of these counties depends on the continued output of the economic engines of high growth counties nearby (and the related opportunity and educational structures) but some NC counties, particularly in the Black Belt counties from the Northeast to the central SC border and in the far west, seem particularly intransigent.

This economic shift away from the post civil war economy built on tobacco, textiles, and furniture to banking, technology, research has been accompanied by a demographic change fueled by several factors: (1) the attraction of a large and educated workforce in the growing financial, technology, and research centers; (2) the relocation of aging, often well resourced baby boomers to better climes; (3) the decreasing necessity for many businesses and workers to be located in large cities and the search for "quality of life" in mid sized metro areas; and (4) the influx of Hispanic families who typically locate on the edges of the expanding areas and work in mainly the low-wage sectors, such as food processing or residential service industries. This demographic change is complicated by the aging of the population in general and the imbalance of the child population among lower income families, explaining the relatively high child poverty rate in NC in recent years.

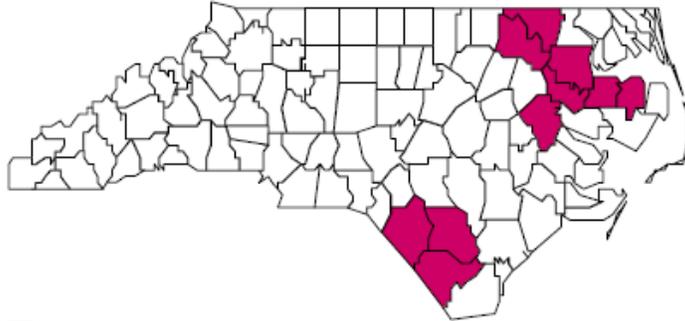
The following graphics provide a general picture of the pattern of poverty and related differences among NC counties. The first graphic represents a distinction between metro

counties, those “micropolitan” counties that are the source of labor for the metro counties and have linked economies, and the more typically rural “non core” counties. The subsequent graphs show county differentials in education, income, and demography. **Note the geographic pattern and the linkages of income, race and ethnicity, education and growth.**



ERS County Typology: Persistent Poverty Counties

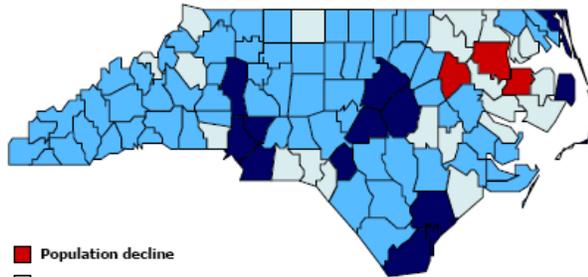
"20 percent or more of residents were poor as measured by each of the last 4 censuses, 1970, 1980, 1990, and 2000" (ERS, USDA)



- ERS Persistent Poverty Counties
- Other Counties

Source: Economic Research Service, USDA
Map prepared by RUPRI

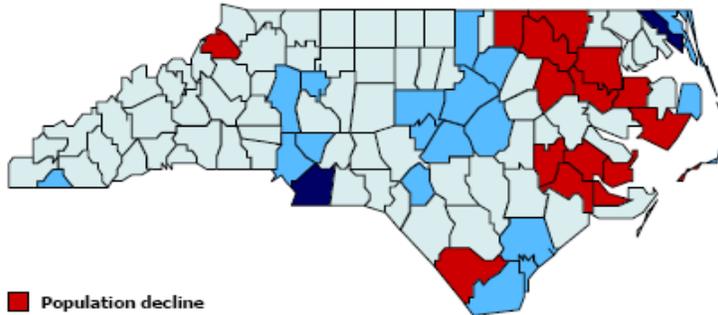
Population Percent Change, 1990-2000



- Population decline
- Population increase less than 10%
- Population increase 10% to 29.9%
- Population increase 30% or more

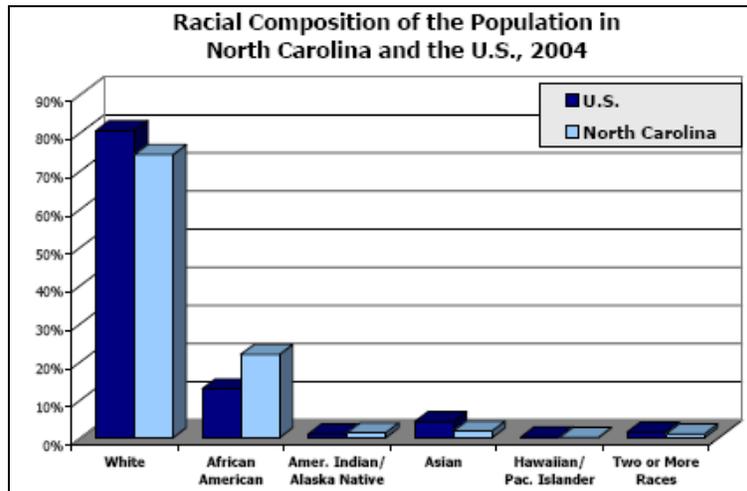
Source: US Census Bureau
Census 1990 and 2000
Map prepared by RUPRI

Population Percent Change, 2000-2005

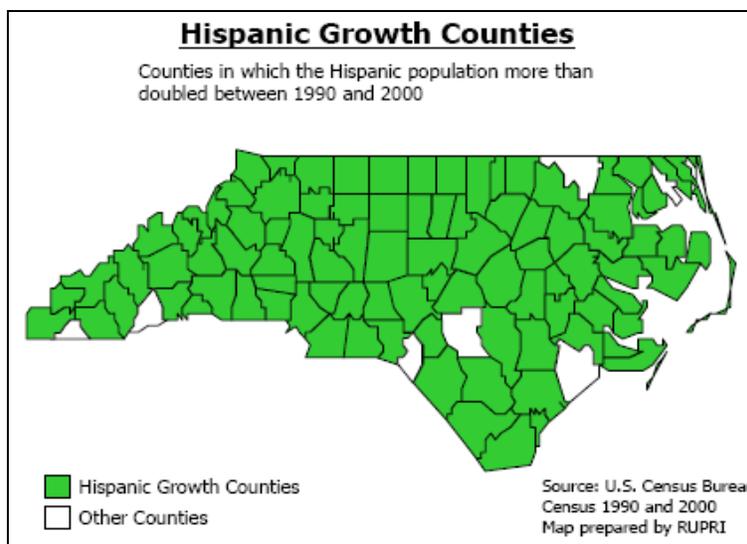


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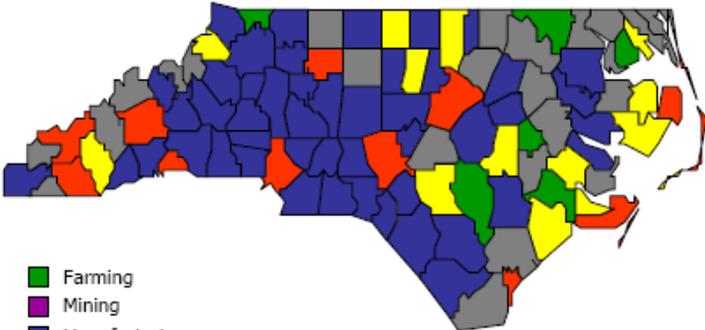
Source: US Census Bureau
Population Estimates
Map prepared by RUPRI



Source: US Bureau of the Census



North Carolina Counties by ERS Economic Typology

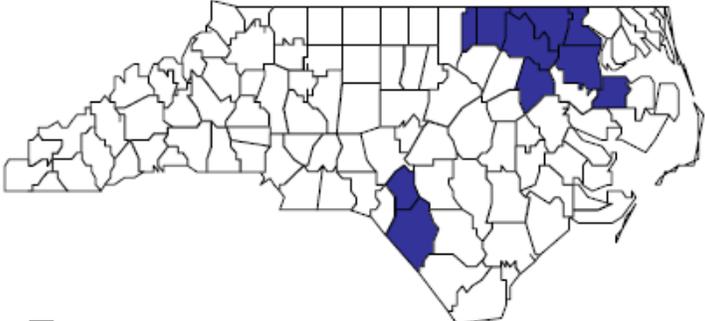


- Farming
- Mining
- Manufacturing
- Government
- Services
- Nonspecialized

Source: Economic Research Service, USDA
Map prepared by RUPRI

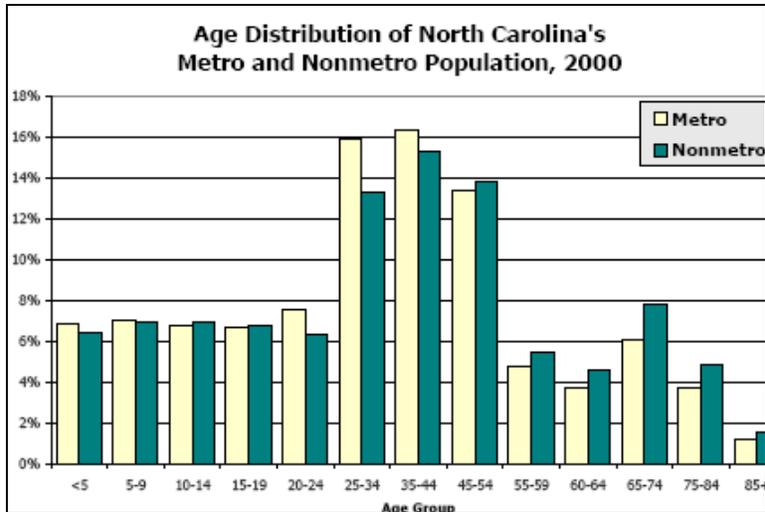
Non-white Majority Counties

Counties in which less than 50% of total population was white in 2004

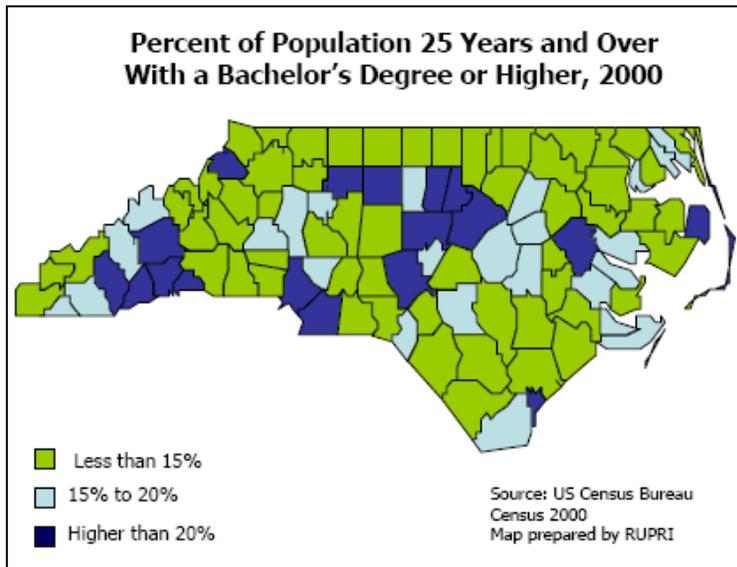


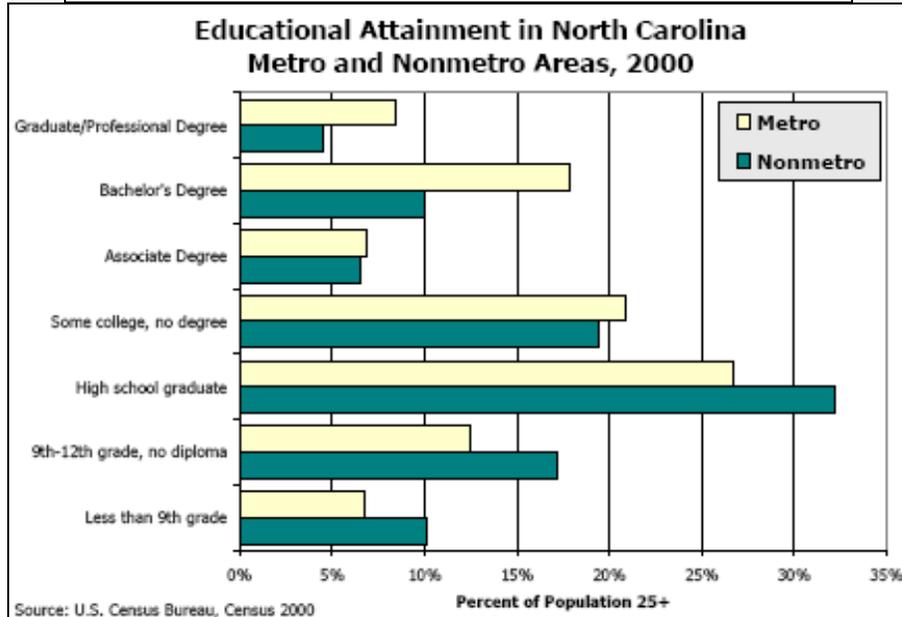
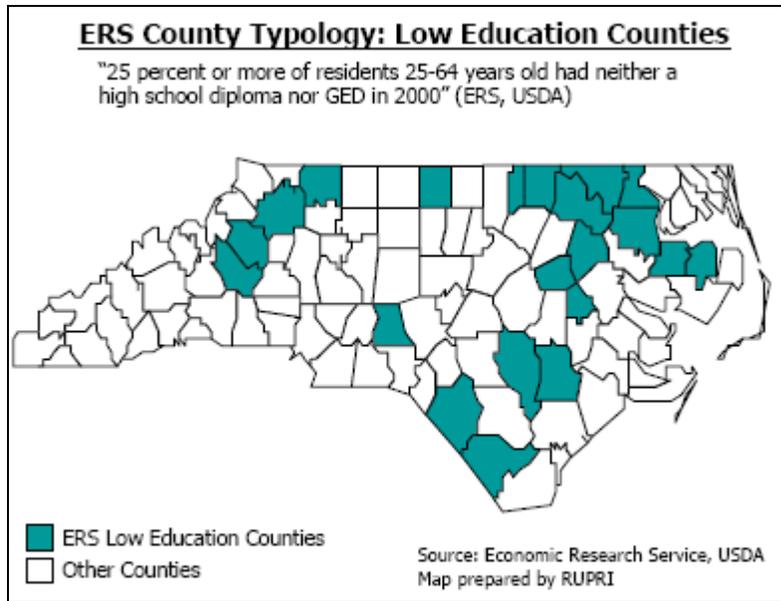
- Nonwhite Majority Counties
- Other Counties

Source: U.S. Census Bureau
Population Estimates
Map prepared by RUPRI



Source: State Data Center





Despite the rather dramatic gains of the 1980's and 90's and the, hopefully short-term, downturn in the early 2000's it is wise to keep in mind that NC and the South more broadly has been in something of a boom in many of the decades since 1900. The first "new South" of Henry Grady and his ilk involved a conscious and largely successful effort to create a post civil war economy based in manufacturing, albeit related to agriculture, and to develop a public sector, including education that would support this economy. Included in this would be a doomed and misguided effort to manage "race relations" through a system of legal and social conventions that would produce the civil rights movement and force the South to choose modernity and individualism over caste and tradition. Included in this as well was the development of universities with a strong "applied" mission, aided and abetted by the development of land grant colleges with a

specific economic development mission. The South grew modestly but it would be after WW2, and the advent of air conditioning, high oil dependence, and the Civil Rights Movement, that the South would largely liberate itself from an oppressive consciousness of its history, and economic growth would take off. Along with civil rights would come education and community action initiatives that would change our communities and the associated politics. The 1950's and the 1960's in NC established the foundation, governmentally, educationally, and economically, for the boom of the '80's and '90's. This was, then, not accidental but a matter of leadership and a conscious effort to develop a citizenry not only prepared for a progressive NC but actively supporting it.

In this regard North Carolina has a somewhat stronger history than many of its sister states in dealing with economic and social change. It has been willing at times to take bold initiative, for example, in establishing a rather well financed statewide university system when the state was hardly wealthy, or in developing the quite visionary Research Triangle Park. Indeed, North Carolina's universities have been front and center in virtually every aspect of its progressive economic and social transformation over the past century. As UNC President Erskine Bowles put it in his inaugural address: "At pivotal points in our history this University has provided the toolkit with which the people of NC built themselves out of poverty and mediocrity. By offering the raw material of innovation and the glue of common purpose, the university has shown how our aspirations can take concrete form."

But how will we respond to the social and economic transformation we are in now? And what will be the university role? Karl Stauber, in a recent MDC report, has observed that India may well be the "new" new south and provides a dire predication: "Without new sources and direction of intervention, the South will most likely spiral down for the foreseeable future, poverty will increase, and the economic gap between the bottom and the top will grow. While some will see such a growing economic gap as a natural event, one only has to look at countries such as Argentina and Chile to understand the disruptive and negative consequences for all. Without common hope and benefit, the common good is merely rhetoric to justify the continuation of privilege."

Thus NC is experiencing a triple revolution of sorts: The transition from an agriculturally linked manufacturing economy to a "new" economy of finance, health, research, education, and urban and suburban services; the death of the rural, small town life as many North Carolinians have known it; and, the dramatic population change at both ends of the socioeconomic spectrum. The consequences of these economic and demographic shifts are largely positive, producing levels of consumption and opportunity, the most important elements in perceived "quality of life", that make the state so attractive to newcomers. The expanding centers of opportunity noted above have created substantial service labor demand and the once "rural" counties surrounding them have become effectively low density, low housing cost "suburbs" often for an increasing Latino population. But many of these same counties have witnessed the loss of manufacturing jobs (some 100,000 since the mid 90's according to the BLS) mostly in low and middle waged work in textiles, food processing, tobacco, and furniture and the old social infrastructure that provided leadership and direction has often declined with the old jobs.

The new demographics of NC have given us a political shift away from the nearly exclusive one-party politics of North Carolina's post Civil War history and have

produced inevitable struggles over issues of development, jobs, environment and quality of life. Our new populations, at both ends of the socioeconomic spectrum, experience few integrating, community developing experiences and organizations. The increasing social and cultural distance between the “haves” and “have nots” adds an element not unlike the racial differences of the past. Such rapid social change narrows and disables civic life and without a healthy civil society governance becomes distant and adversarial putting enormous strain on governmental agencies to manage and respond. The new social, economic and demographic configurations spell the inevitable doom for the old civic order of PTA’s, farmers association, veterans groups, fraternal chapters and the like and the replacements are often professionally and governmentally managed “citizen” or interest groups. The old order may have been reflective of elements of race, class, and gender we would like to leave behind but it did provide a context for leadership development, cultivating citizenship, identifying core organizing social values and created a natural associational base that created the expectations for government and governance. It is attention to the emergence of the new civil society that is vitally important to the future of North Carolina if we are not to endure long and damaging divisions that will produce conflict ridden, and conflict driven, governmental structures and that will reinforce the balkanization of society that makes a genuinely civil society impossible.

A university, grafted to the development and culture of a state as closely as ours has an important role to play in the current transformation as it did in the last. Dr. Robert Putnam, Professor of Public Policy at Harvard’s Kennedy School, and famously the author of Bowling Alone, in a recent address to an OECD conference, pointed to the important role of education in building social cohesion and “social capital.” Professor Putnam argued that rapid economic and demographic change, while enriching many and adding cultural strength, typically undermines social cohesion that, in turn, tends to leave governments without “mandates” and faced with internal political conflict difficult to overcome.

Given that North Carolina and its poverty prone areas, in particular, face precisely the forces Professor Putnam describes as divisive, the UNC system should consider adopting a “civil society” mission would seek to create discourse across a wide range of policy areas that impact the quality of life of the state’s residents. The emphasis would not simply be on creating a dialogue among the usual governmental and prominent business leadership but would be focused on those active in community level organizations. Over time, the state would come again to look to the university as a catalyst for inclusive discussion of important trends and issues confronting the state and the university would again have a link to leadership at the community and non governmental level.

The civil society mission would build upon the University’s already extensive regional involvements in education, environmental matters, economic development, support for non-profits, and effective government and create a “public space” for education and dialogue on important aspects of regional and statewide change. The mission would seek to cultivate a broad sense of citizenship, identity, and participation in the state and would directly seek to break down walls of ethnicity, income, politics, and age that often allow social groups to define and assert a rather narrowly drawn reality. This mission would be based on what a university does best: systemically review knowledge, collect information, carefully analyze trends, problems, resources, and options. Creating a

systematic and ongoing dialogue and engagement with the citizens of our region would establish the context for both successful and responsible government and a vital civil society.

As the North Carolina Progress Board suggests, we need to “take the long view” and be willing to engage in strategic thinking. It cannot be the usual product of government and politics, dominated as they are by interest groups’ demands on our limited resources or driven by the necessity of short-term political gain. The university is the perfect place to host such a capability of gathering information, analyzing data carefully and thoroughly, creating thought-provoking dialogue among citizens, forging strategic partnerships, and disseminating its findings throughout the regions and the state.

And as MDC has noted in its most recent 2007 version of the “State of the South” it is philanthropy and the private sector that will provide the direction and leadership for the future: “States and communities, of course, need a robust private sector to create jobs and an effective public sector to provide infrastructure and services. But, as Andrew Carnegie suggested a century ago and investor Warren Buffett echoed more recently, the capitalist system produces inherent inequities. It is imperative that Southerners capable of doing so apply their wealth, their entrepreneurship, and their knowledge to forge stronger, more equitable communities and states, and by consequence, a more vital region. For the better part of a century, philanthropy has served as a powerful force in the life of the South. Now the region has arrived at a moment in its history that calls for homegrown philanthropy to be a strategic tool for building the South of the future.”