

## The Aughts: Were They for Naught?

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### **Article:**

It's that time of year again, when columnists write their year-end reviews. But this is also the end of the decade, at least as it's usually (and yes, incorrectly) reckoned. Here is a small sample of the most interesting economics stories in North Carolina since 2000.

#### **The Furniture Market Lives!**

When the Las Vegas furniture market was announced in 2000, many feared that it would replace the venerable High Point Market. But since the upstart market opened in 2005, it's become clear that there's room for both. High Point continues to report strong attendance, and its place as the intellectual capital of the furniture industry appears solid.

#### **The Dell Man Cometh... and Leaveth.**

Opponents of incentives were appalled in 2004 when state and local governments granted a huge incentives package to Dell Computers. They were even more appalled this fall, when Dell announced that it will close its Forsyth County plant after only four years of operations.

But all governments involved will get their money back, thanks to clawback provisions in the incentive agreements. It's hard to see the Dell episode as a victory, but it's even harder to see it as a defeat. Incentives end the decade about where they started it: a vexing tool for economic development that will never be loved but cannot be abandoned.

#### **Soak the Poor. North Carolina started a lottery in 2006.**

It was a popular move, but it was bad policy. Of course people are free not to buy lottery tickets. So then the lottery is a business? If so, it's a state-run monopoly, and like all monopolies it gives consumers a bum deal. Prize payouts amount to just over 50 percent of revenues, which not only is less than other state lotteries, but is far below what privately owned casinos pay out.

But wait, say supporters, the lottery raises money for education. So then it's a tax? If so, it's a tax that lands disproportionately on poor people, who spend more of their income on lottery tickets than richer people. Whether it's a regressive tax or a government-run monopoly, the lottery is bad idea.

#### **Soak the Poor, Part 2.**

Another bad idea was the state's 2006 ban on payday lending. The huge implied annual percentage rate on such loans made them seem exploitative, but the data don't bear that out. A 2009 study by the New York Federal Reserve Bank showed that the end of payday lending in North Carolina and Georgia has led to higher and/or faster increases in the rates of bounced checks, complaints about lenders and debt collectors, and Chapter 7 bankruptcy filings.

Far from preying on lower-income people, payday lenders provide an important credit option. That option is now gone in North Carolina.

#### **The Expansion of 2001-07.**

The last economic expansion was weak. Compared to the previous nine post-war expansions, it registered either the lowest or second-lowest growth in consumption, income, investment, employment, and wages. But things were better in North Carolina. The state's economy grew faster and added more jobs. From the bottom of the jobs trough in 2003 until the end of the expansion, employment in North Carolina grew nearly 11 percent as compared to 6 percent nationally.

It's clear that the state is pulling out of the Great Recession of 2007-09. Most economic indicators are beginning to point in the right direction. Here's hoping that the next expansion will be even better for North Carolina.