Eastern North Carolina at Work:

What Are the Region's Economic Engines?

By John Quinterno

Karen Tam

Summary

There is a widespread belief that Eastern North Carolina, while reaching for the future, remains rooted in its agrarian past. The common understanding is that the region for too long relied on agriculture and low-wage manufacturing to earn its daily bread, and that the vestiges of this past—primarily high poverty, a less educated work force, and lagging infrastructure—represent daunting hurdles to a more prosperous future.

Portions of this picture are accurate. The region does have fewer college graduates, more high school dropouts, lower per capita income, and higher poverty than the rest of the state. Indeed, one prominent Eastern North Carolina lawmaker says that if North Carolina's eastern third were a state it would be among the poorest in the nation.

But does Eastern North Carolina really subsist primarily on tobacco, hogs, and field crops, with a few cut-and-sew operations thrown in to stitch the local economy together? The picture is quite a bit more complicated. What are the true engines driving the Eastern North Carolina economy, and what are the challenges the area faces in reaching for a more prosperous future? How is the work force deployed in Eastern North Carolina's 41 counties? Who are some of the largest employers? Where are the commerce centers, and what makes them tick?

Surprisingly, only 2.2 percent of the region's workers are employed full-time on farms—a figure that does not include farm proprietors, family members, or part-time or seasonal workers. Manufacturing, while important, represents only 12.9 percent of the work force, compared to 15.6 percent for the state as a whole. Still, the North Carolina Center for Public Policy Research found that a manufacturer was among the three largest private sector employers in 27 of the region's 41 counties. In 17 of these counties, a manufacturer employing 500 or more people was the single largest private-sector employer. While many remain low-skill, cheap-labor operations, the East is increasingly home to more sophisticated manufacturers that add greater value to raw materials—such as Nucor Steel in Hertford County and Paraclete Armor, manufacturing specialized textiles for the military in Robeson County.

The public sector—including local, state, and federal governments—employs 23.7 percent of the work force in the East compared to 17.7 percent statewide. In several Eastern counties, public institutions are the largest employers. Pitt County Memorial Hospital and East Carolina University together employ more than 10,000 in Pitt County, while the leading private sector employer, Lear Siegler Service, employs fewer than 500. In New Hanover County, the number of employees at New Hanover Medical Center (3,900) and the University of North Carolina at Wilmington (1,600) exceeds that of the largest private sector employer in the county, Wal-Mart, which

employs more than 1,000. Wayne County's Wayne Memorial Hospital, a public hospital, employs more workers than any private sector employer, and Seymour Johnson Air Force Base ranks among the county's top five employers. The U.S. Department of Defense is the leading employer in three counties with large military bases: Craven, home of Marine Corps Air Station Cherry Point; Cumberland, with the Army's Fort Bragg and Pope Air Force Base; and Onslow, home of Marine Corps Camp Lejeune. Thus, the military, with five major bases and numerous smaller posts, represents a huge economic presence in the East.

By sector, services and retail trade—as in much of the rest of North Carolina—provide the bulk of the jobs. Indeed, three out of four workers in the East are employed in the service or retail sectors. A handful of cities also are nurturing a small creative class—considered by one scholar to be the primary growth engine of the future. Tourism is huge along the coast, with beaches in Dare, Hyde, Carteret, Onslow, Pender, New Hanover, and Brunswick County attracting thousands of visitors and generating millions of dollars in tourism revenue annually. Historic sites in the colonial capitals of Edenton and New Bern also are drawing increasing numbers of visitors. Retirees are choosing eastern locations as well, some drawn by the scenic coastal settings and others settling around military bases where military retirees and their dependents enjoy health care benefits and the privilege of shopping on base at discounted prices.

The region as a whole is still seeking to recreate itself as it strives for a vibrant economic mix and a more prosperous future. St. Pauls in Robeson County is one example. A tiny town with two dormant textile mills, St. Pauls symbolizes the region's historic reliance on agriculture and low-wage manufacturing. But the town also is looking to the future, relying on its location along Interstate 95, near massive Fort Bragg and the city of Fayetteville, and within an easy drive to both the state port at Wilmington and the state's longest airstrip at the Global TransPark in Lenoir County to build a 21st century economy.

St. Pauls, a Robeson County town of 2,500, in many ways embodies the economic history of small town Eastern North Carolina. A visitor to St. Pauls' downtown will find many of the sites common to eastern towns: a few churches, some restaurants, a handful of small businesses, stores catering to Latinos, a black mortuary, and overshadowing everything, three vacant textile mills.

A formerly vibrant mill town that has encountered significant setbacks in recent years, St. Pauls stands at a crossroads. It can spring forward to meet the challenges of the global economy, or slide further into economic decline.

If St. Pauls is in search of a new economic identity, the same can be said for much of Eastern North Carolina, a 41-county region that lags the rest of the state on almost every indicator. The N.C. Center for Public Policy Research first examined the plight of the East as a region in December 2001. The Center's findings included higher unemployment, lower median household income, higher poverty, and lower levels of education generally than for the state as a whole.[1] But these findings are magnified in St. Pauls and Robeson County. The county's poverty rate was more than double the state average in 2002 and the highest of the eastern counties. Its median household income was 40 percent lower than the state as a whole (see Table 1, p. 9).[2] The Center's 2001 research also uncovered an infrastructure gap for the East as compared to the rest of the state that persists today, though much progress has been made in such areas as intrastate highway construction, availability of water and sewer, natural gas availability, and high-speed Internet access.[3] And, compared to the Piedmont, the eastern region lacks capital for job-creating investment.

Yet another indicator that a region is less vital is declining population, says Al Stuart, professor emeritus of geography and earth sciences at the University of North Carolina at Charlotte and the co-editor of the *North Carolina Atlas*.[4] Stuart notes that the U.S. Bureau of the Census found 16 Eastern North Carolina counties lost population from 2000–2004: Bertie, Columbus, Craven, Cumberland, Edgecombe, Halifax, Hyde, Jones, Lenoir, Martin, Northampton, Onslow, Robeson, Vance, Washington, and Wayne. And, all eight North Carolina counties that lost population from 1990–2000 were located in the East. "This is an ominous trend," says Stuart. "Net out-migration is thought to be 'negatively selective' because it's typically the young and most capable people who leave."[5]

But despite St. Pauls' location in the poorest eastern county along the south end of Interstate 95, the town has grounds for hope, including numerous avenues to the market. Interstate 95 is the major route for automobile and truck traffic from New York to Miami. The state port at Wilmington lies less than an hour and a half away, and the U.S. Army's Fort Bragg is only a 20-minute commute. Plus, a

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Many of the illustrative quotes appearing in articles on the Eastern North Carolina economy and on agriculture in the East are taken from Throwed Away: Failures of Progress in Eastern North Carolina, *by Linda Flowers (1944–2000). A native of Faison, N.C., Flowers was a professor of English at North Carolina Wesleyan College in Rocky Mount. Her highly acclaimed book, a combination academic treatment and memoir, was published by the University of Tennessee Press, Knoxville, Tennessee, in 1990. Quotations are reprinted by permission of the University of Tennessee Press.*

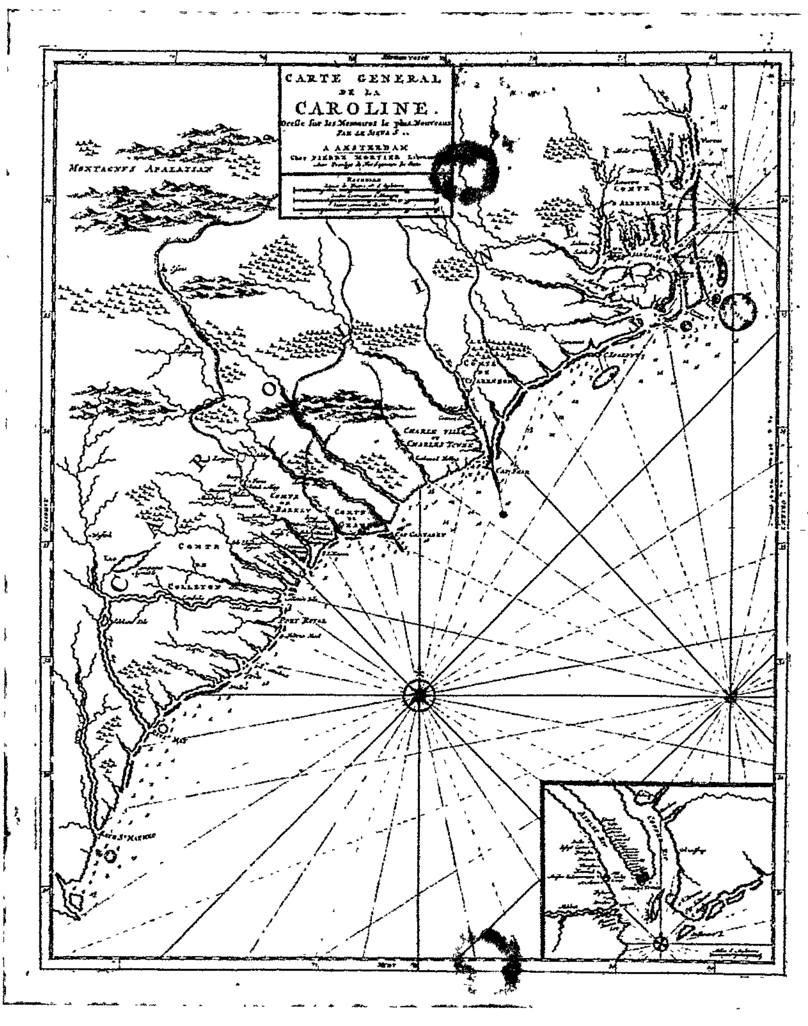
high-speed Internet connection can be attained with the click of a mouse. St. Pauls even has visions of shipping through the Global TransPark, a planned international cargo airport and industrial park more than an hour's drive away amid the pines of Lenoir County.[6] Thus, the routes to the global marketplace are not cut off to the tiny town of St. Pauls, and the vision of an economic renaissance for this small town and the region as a whole does not seem entirely far-fetched. After all, an earlier revolution in global trade—one built on wooden ships rather than cargo containers and jumbo jets—prompted the East's initial settlement.

But Eastern North Carolina's economy is under construction. The region is changing, but into what, no one knows. Will the East become an integral part of a global economy, or will the region slide into economic irrelevance?

Answering that question requires sober reflection on economic and demographic trends affecting the East. An analysis of the region's economic history and make-up suggests that some parts of the East already are competing in a global economy. Yet other communities, particularly those with limited human capital, appear in danger of falling further behind.

Historical Background

A 17^{th}-century version of globalization sparked Eastern North Carolina's colonization. In the 1660s, Virginians began moving south into the area around the Albemarle Sound. German and Swiss settlers near New Bern and Scotch-Irish immigrants along the Cape Fear River Valley soon joined these Virginia pioneers. By 1740, these groups and a few others had settled Eastern North Carolina.[7]



N.C. Department of Cultural Resources

Eastern North Carolina's colonial economy rested on maritime trade with a British Empire that bought the region's agricultural and forest goods. Particularly important were the naval stores (turpentine, tar, and pitch) required to maintain wooden ships. By 1768, North Carolina furnished 60 percent of all the naval stores produced in the colonies. This trade bred prosperity in such towns as New Bern, Wilmington, Edenton, Bath, and Beaufort.[8]

Global trade failed to enrich colonial North Carolina to the same degree as its neighbors. A lack of serviceable ports forced Tar Heels to send products to other colonies for shipping and processing, thereby contributing to the prosperity of neighboring Virginia and South Carolina.[9]

This economic model—the production of raw materials accompanied by relatively little value-added activity—soon entrenched itself in Eastern

North Carolina. A small group of aristocratic planters benefitted from the extraction and sale of natural resources by slave or low-wage labor and used their political power to block change. Following the Revolutionary War, an elite insistent on maintaining the status quo prevented Eastern North Carolina from competing with a backcountry that "began to surpass the coastal plain in population and industry."[10]

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The shift in economic momentum away from Eastern North Carolina accelerated after the Civil War. "Since the late nineteenth century," writes University of North Carolina at Charlotte geographer Alfred Stuart, "manufacturing has been the backbone of the North Carolina economy."[11] North Carolina's low-cost labor, central location, and abundant natural resources led textile firms to relocate from New England to the North Carolina Piedmont. Furniture and tobacco industries soon sprang up alongside textiles, and these "Big Three" industries formed the state's economic pillars. Compared to the Piedmont, the East benefitted less from these industries. While the East grew significant amounts of brightleaf tobacco, for example, the crop was shipped to new Piedmont cities like Durham for processing and sale. The East produced the raw materials, but the Piedmont supplied the more sophisticated economic activities.

In the 20th century, textile firms shifted production eastwards to take advantage of the cheap surplus labor created by agricultural busts. Piedmont cities, meanwhile, developed more advanced manufacturing and sophisticated services like banking. As a result, the metropolitan Piedmont became North Carolina's economic engine, an "urban place that is participating fully in the information technology and global economy."[12] In the 350 years since Virginians began migrating to the Albemarle Sound, Eastern North Carolina has gone from the state's economic leader to its economic laggard.

St. Pauls: The East in Microcosm

While St. Pauls was not incorporated until 1909, people have lived in the area since the 1700s.[13] Agriculture dominated the area's economy until well into the 20th century, when farm employment began to decline due to an agricultural bust and technological advances that allowed more crops to be grown with fewer resources.

The Center for the Study of Rural America of Kansas City, Missouri, reports that, "Rising agricultural productivity has allowed other sectors to grow ... by freeing up labor for nonfarm employment."[14] In St. Pauls, the movement away from the farm has occurred in two waves: a shift from the farm into manufacturing and a more recent shift from manufacturing into services and retail.

Manufacturing was the first industry to benefit from rising farm productivity. Productivity created a pool of surplus labor in the period after World War II that led Piedmont textile manufacturers—ever on the lookout for even cheaper workers—to shift production from the Piedmont to the less expensive East. Between 1956 and 1972, the number of manufacturing jobs in Robeson County grew fivefold.[15] And St. Pauls was Robeson County's textile capital.

"The mills and the jobs they provided were the foundation of the community," says Lawrence DiRe, St. Pauls' Town Administrator. "The mills supported the local economy, stimulated the downtown, funded many community activities like Little League, and fostered civic leadership. The problem was that we were an economic one-trick pony. Our economy wasn't diversified, so when the mills left, we had little to fall back on."

The 2001 closing of Carolina Mills' two yarn-spinning plants in St. Pauls knocked the town back on its heels.[16] The closings left 550 people unemployed and knocked a hole in the tax base. At one time, the mills contributed so much to St. Pauls' coffers that the municipality provided water, sewer, and trash service free of charge to all residents. The mills' disappearance forced civic leaders who

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Lawrence DiRe, St. Pauls Town Administrator

thought that the plants always would be there to undertake a painful reassessment of the town's place in the world.

Five years later, St. Pauls' economy consists chiefly of service and retail jobs ranging in quality from cashier positions at the new Food Lion to medical positions at St. Pauls Medical Clinic operated by Southeast Regional Medical Center, a unit of Duke University Health System. Some advanced manufacturing also exists in St. Pauls. Paraclete Armor, a local company that uses high-tech design and production equipment to make body armor and equipment for military and law-enforcement agencies, employs more than 300 people,[17] though not everyone agrees that the plant represents a huge upgrade from the old textile mills. Retired geographer Alfred W. Stuart says the characterization of a manufacturer of bulletproof vests and similar protective gear as high-tech industry is "a bit of a stretch—it's still a textile or apparel plant."

Fortunately, St. Pauls has some resources with which to compete, including location. "St. Pauls is on I-95, only 20 minutes from Ft. Bragg and Fayetteville, an hour-and-a-half from the beach and port in Wilmington and within driving distance of Global TransPark, which could provide air shipment of goods produced in our new certified industrial park," says DiRe.

The Eastern Economy: A Sector Perspective

St. Pauls' current economic makeup resembles that of the East and state (see Tables 2 and 3, pp. 12 and 15). More than three of every four employed Easterners work in the service and retail sectors. Manufacturing accounts for the second largest share of employment at 12.9 percent. Agriculture, meanwhile, contributes only two of every 100 jobs in the East. This sector breakdown tracks the state's economy with two exceptions: agriculture accounts for a larger share of employment in the East (2.2 percent versus 0.9 percent), manufacturing slightly less (12.9 percent versus 15.6 percent).[18]

In spite of a similar economic makeup, the East is poorer than the rest of the state. Eastern North Carolina's 2002 average median household income of $32,274 was 18 percent less than the statewide figure of $38,194. Median household incomes ranged from $24,621 in Tyrrell County to $43,257 in Camden County. Also, given the fact that Eastern communities tend to have older and

Table 1. Selected Demographic Characteristics of Eastern North Carolina, by County

County	Population (2003)	% White (2000)	Median Age (2000)	Median Household Income (2002)	% Poverty (2002)	% Adults 25–64 w/ BA degree or higher (2000)	% Unemployed (2004)
1. Beaufort	45,816	68.4%	40.2 yrs.	$30,799	17.0%	16.0%	7.1%
2. Bertie	19,748	36.3	38.6	25,462	20.1	8.8	8.1
3. Bladen	33,119	57.2	37.9	27,451	18.6	11.3	7.3
4. Brunswick	83,787	82.3	42.2	35,786	14.0	16.1	5.2
5. Camden	7,852	80.6	39.1	43,257	8.1	16.2	3.7
6. Carteret	61,122	90.3	42.3	38,155	11.8	19.8	4.7
7. Chowan	14,453	60.5	39.8	31,584	15.8	16.4	4.8
8. Columbus	54,917	63.4	36.9	26,693	20.9	10.1	6.6
9. Craven	93,454	69.9	34.4	36,635	12.2	19.3	5.1
10. Cumberland	311,526	55.2	29.6	36,656	14.9	19.1	5.6
11. Currituck	21,059	90.4	38.3	42,131	9.7	13.3	2.9
12. Dare	33,906	94.7	40.4	42,827	8.2	27.7	4.5
13. Duplin	51,821	58.7	34.9	29,649	19.4	10.5	5.8
14. Edgecombe	53,777	40.1	36.2	30,545	19.8	8.2	8.7
15. Gates	10,882	59.1	38.1	34,483	13.3	11.1	4.2
16. Greene	20,262	51.8	35.5	31,611	17.2	12.8	6.2
17. Halifax	56,947	42.6	37.2	25,810	22.1	11.1	8.1
18. Harnett	100,271	71.1	32.5	34,706	15.8	10.9	5.2
19. Hertford	23,794	37.4	39.2	26,300	21.3	10.6	5.9
20. Hoke	38,193	44.5	30.0	32,160	16.9	15.9	6.0
21. Hyde	5,792	62.7	39.7	26,633	21.9	9.5	6.9
22. Johnston	140,719	78.1	34.2	42,142	12.5	13.3	4.4
23. Jones	10,257	61.0	39.1	30,673	16.4	11.6	4.9
24. Lenoir	59,091	56.5	38.1	30,332	16.9	17.2	6.2
25. Martin	24,930	52.5	38.7	28,217	18.1	11.6	7.0
26. Nash	90,546	61.9	36.5	36,648	13.5	10.8	6.5
27. New Hanover	172,780	79.9	36.3	39,698	12.7	14.8	4.4
28. Northampton	21,820	39.1	40.0	26,206	21.5	14.7	7.4
29. Onslow	159,817	72.1	25.0	33,504	14.3	14.8	5.5
30. Pamlico	13,071	73.2	42.9	32,935	16.1	14.7	4.8
31. Pasquotank	36,681	56.9	35.9	30,886	16.7	16.4	4.7
32. Pender	44,820	72.7	38.8	34,688	14.8	13.6	4.8
33. Perquimans	11,806	70.8	42.2	29,647	16.3	12.3	4.8

—*continues*

Table 1, *continued*

County	Population (2003)	% White (2000)	Median Age (2000)	Median Household Income (2002)	% Poverty (2002)	% Adults 25–64 w/ BA degree or higher (2000)	% Unemployed (2004)
34. Pitt	141,019	62.1	30.4	32,339	18.3	26.4	5.7
35. Robeson	127,253	32.8	32.0	26,133	26.2	11.4	7.5
36. Sampson	63,597	59.8	35.0	31,962	17.5	11.1	5.0
37. Scotland	35,690	51.5	34.6	29,499	19.0	15.9	10.9
38. Tyrrell	4,246	56.5	38.7	24,621	24.9	10.6	7.1
39. Washington	13,435	48.3	39.2	27,892	19.9	11.6	7.4
40. Wayne	114,778	61.3	34.8	33,081	15.2	15.0	5.4
41. Wilson	76,312	55.8	36.2	32,807	16.4	15.1	8.3
41 Eastern Counties	*2,505,166*	*62.4%*	*36.9 yrs.*	*$32,274*	*16.0%*	*16.6%*	*5.8%*
N.C. Statewide	**8,562,210**	**72.1%**	**35.8 yrs.**	**$38,194**	**12.9%**	**22.5%**	**5.5%**

Sources: North Carolina Department of Commerce, Economic Development Information System *http://cmedis.commerce.state.nc.us/countyprofiles/#*. Data are taken from the report for the second quarter of 2004; and the U.S. Census Bureau, Housing and Household Economic Statistics Division, Small Area Estimates Branch.

> *"Jobs of any kind, but especially if they hold much long-range promise, still don't grow on trees; wages still are among the lowest in the nation, and the gap between these eastern counties and the Piedmont cities, as between rich and poor, gets wider and wider. Manufacturing is not what it used to be, and, yet, most people looking for work aren't prepared for anything else.*
>
> *But these are proud people. Throwed away they may be, but it won't do to count them out."*
>
> —LINDA FLOWERS
>
> *THROWED AWAY: FAILURES OF PROGRESS IN EASTERN NORTH CAROLINA*

poorer populations, government transfer payments like Social Security and welfare contribute a large part of the East's total income. While transfer payments accounted for 13.7 percent of total income in North Carolina in 2001, the percentage in the East ranged from 10.4 percent in Onslow County to 29.7 percent in Halifax County.[19]

Employment and compensation vary considerably from county to county. The following sections sketch employment and wage patterns in three economic sectors of regional significance: agriculture, manufacturing, and services/retail.[20]

Agriculture

Say "Eastern North Carolina" and most people think instantly of farming. Yet few people actually are employed on working farms. While the East contains 64.3 percent of all agricultural jobs in North Carolina, employment in Eastern agriculture totals only 19,600 people—a mere 2.2 percent of all Eastern jobs. Moreover, agriculture pays poorly with a statewide average weekly wage of $496 ($26,000 per year).[21] In the East, the average weekly agricultural wage falls below the statewide weekly wage level in 29 counties, though some of these counties are urban ones with comparatively small agricultural sectors. That's not to say agriculture does not make a major contribution to the East's economy. The average net income for farm owners and contract growers in Eastern North Carolina is significantly higher than the state average, in part attributable to much larger average farm size in the East. And, the 2.2 percent figure includes only workers employed full-time on the farm, not farm owners and their family members or even temporary migrant labor. Thus, the number of people dependent on farming for their paychecks is somewhat understated. "There are a number of farms that do not have full-time employees, often due to the nature of the industry; therefore employment numbers are going to be small and not be an accurate representation of the number of people who work in farming," says Catherine Moga Bryant of the N.C. Rural Center, a Raleigh nonprofit that works on building the rural economy. "The farm owners and family members may work on the farm all year, but not be included in the employment numbers.... This is in contrast to the manufacturing industry where businesses employ their workers year-round."

For example, Johnston County reported 181 farms with workers who worked 150 or more days in 2002, but 303 farms with workers employed less than 150 days, according to the 2002 Agriculture Census produced by the U.S. Department of Agriculture. Of those 303 farms, 198 employed only temporary workers. Even these numbers capture less than half the total number of farms in Johnston County. "There are 1,144 total farms in the county," says Moga Bryant. "The remaining farms may not employ people, but they are at least providing some income to the farmer and his or her family."

A further complication is that labor-market statistics from the Employment Security Commission of North Carolina include only those workers covered by the state's unemployment insurance laws, according to Harry Payne, chairman of the Employment Security Commission of North Carolina. "Agriculture has historically played an important role in the economy of Eastern North Carolina," says Payne. "The importance of this sector continues into the present, yet it can be difficult to discern the current impact of agriculture, particularly when focusing on labor market-based statistics. For various reasons, agriculture is generally excluded either completely or partially from most labor market statistical programs." Moreover, Payne says many of the eastern region's largest employers are involved in agriculture-related business, even if they are not engaged directly in farming.

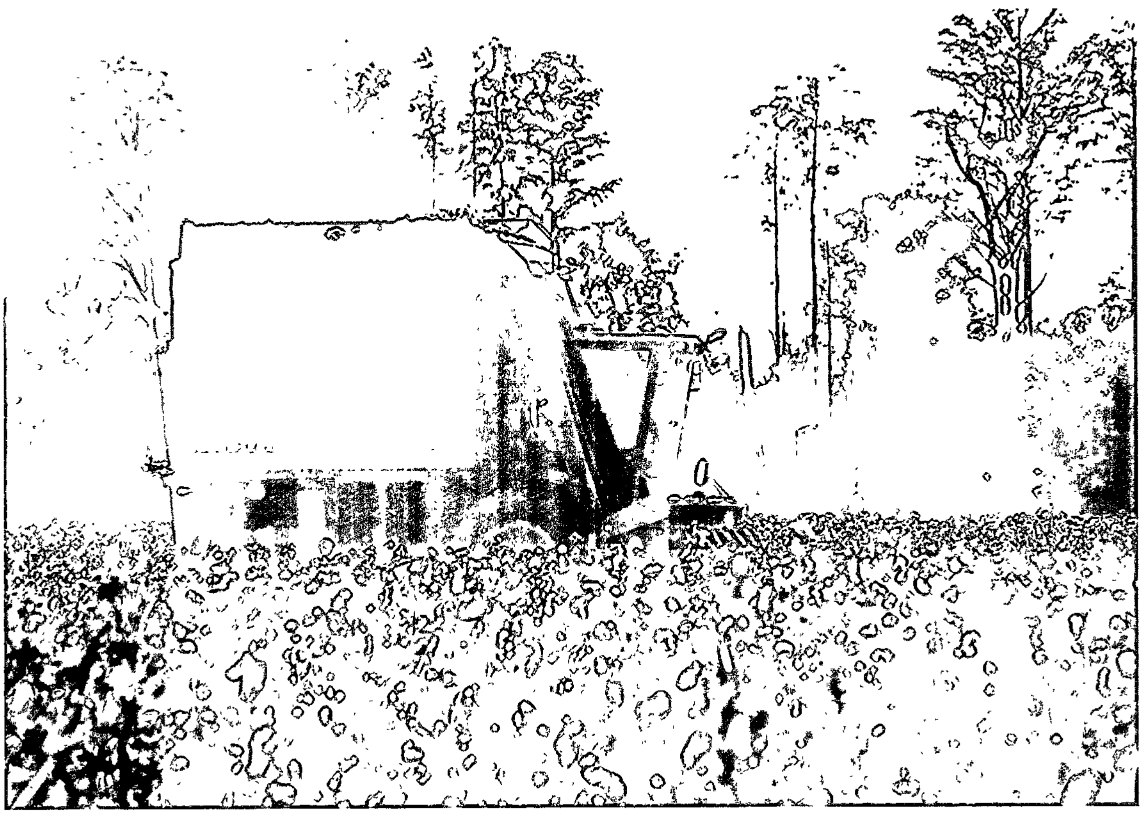

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Table 2. Eastern North Carolina Workforce by Major Sector and County, 2004

County	Total Work Force	Agriculture % Total	Manufacturing % Total	Service & Retail % Total	*Service % Total (1)*	*Retail % Total*
1. Beaufort	17,228	2.6%	18.6%	84.4%	71.5%	12.9%
2. Bertie	6,848	5.4	*	72.5	66.9	5.6
3. Bladen	14,146	5.2	*	51.2	45.2	6.0
4. Brunswick	25,754	0.6	6.3	84.2	67.6	16.6
5. Camden	1,818	8.0	*	80.4	63.6	16.8
6. Carteret	22,579	0.5	7.2	84.8	68.0	16.8
7. Chowan	5,753	3.8	18.9	72.3	62.0	10.3
8. Columbus	17,701	2.0	16.0	77.4	74.8	12.4
9. Craven	39,999	1.2	11.0	82.5	70.8	11.7
10. Cumberland	110,778	0.2	8.3	86.7	72.8	13.9
11. Currituck	5,315	1.4	2.2	72.5	51.9	20.5
12. Dare	19,785	0.0	3.7	87.6	69.2	18.4
13. Duplin	20,466	16.2	29.3	50.5	*42.5*	*8.0*
14. Edgecombe	22,186	1.5	22.0	67.0	*58.7*	*8.3*
15. Gates	1,606	8.8	10.7	78.8	*68.4*	*10.4*
16. Greene	3,837	7.7	8.1	76.0	*67.1*	*8.7*
17. Halifax	17,691	2.5	12.4	80.4	*65.3*	*15.2*
18. Harnett	22,722	1.0	12.0	73.7	*61.2*	*12.4*
19. Hertford	9,489	2.7	12.9	80.2	*67.9*	*12.3*
20. Hoke	7,600	4.4	32.4	41.9	*36.6*	*5.3*
21. Hyde	2,132	9.5	4.7	75.8	*67.8*	*8.1*
22. Johnston	38,016	2.2	17.6	70.4	*56.3*	*14.1*
23. Jones	1,722	8.7	3.2	77.2	*69.0*	*8.3*
24. Lenoir	28,074	1.7	14.5	74.9	*63.6*	*11.3*
25. Martin	9,473	3.3	23.8	74.7	*62.5*	*12.2*
26. Nash	41,208	3.1	18.2	76.3	*63.3*	*13.0*
27. New Hanover	91,063	0.1	6.1	85.2	*70.5*	*14.7*
28. Northampton	5,738	6.0	9.5	67.7	*46.7*	*20.9*
29. Onslow	40,169	0.5	2.3	89.6	*68.9*	*20.6*
30. Pamlico	3,018	3.7	3.7	67.7	*69.0*	*15.0*
31. Pasquotank	16,274	1.1	4.4	84.0	*74.0*	*16.3*
32. Pender	10,374	7.1	8.5	90.3	*69.4*	*12.5*
33. Perquimans	2,154	2.5	5.2	81.8	*73.9*	*11.4*
34. Pitt	65,304	1.4	11.2	85.2	*68.7*	*12.7*
35. Robeson	37,796	0.6	18.5	81.4	*61.9*	*5.4*
36. Sampson	18,990	12.3	18.4	67.3	53.0	11.0

Table 2, *continued*

County	Total Work Force	Agriculture % Total	Manufacturing % Total	Service & Retail % Total	*Service % Total (1)*	*Retail % Total*
37. Scotland	16,103	0.7	32.8	64.0	*52.9*	*10.8*
38. Tyrrell	989	10.3	*	64.6	*54.5*	*10.1*
39. Washington	3,378	9.7	5.2	82.7	*69.7*	*13.0*
40. Wayne	43,518	3.5	15.0	76.0	*62.2*	*13.8*
41. Wilson	38,211	1.3	22.5	67.4	57.2	10.2
41 Eastern Counties	*881,251*	*2.2%*	*12.9%*	*77.6%*	*64.7%*	*12.9%*
N.C. Statewide	**3,778,403**	**0.9%**	**15.6%**	**77.5%**	**65.5%**	**12.0%**

Notes: "*" denotes missing data. (1) Service sector is the sum of employment in the wholesale trade; transportation/warehousing; information; finance/insurance; real estate; professional/technical services; management; administrative/waste services; educational services; health care/social assistance; arts/entertainment; accommodation/food service; other services; and public administration sectors.

Sources: N.C. Department of Commerce Economic Development Information System, Employment Security Commission of North Carolina

"The changing face of the eastern North Carolina small town is, in part, attributable to the impact of industry. Plants and factories are built in the countryside because of the abundance of land (and to reduce municipal taxation); the agriculture they've usurped now providing them place and bearing: parking lots and pavements, steel fences and access roads, the physical plant itself, and more often than not, in the distance against the woods, a tobacco patch or corn field. But business is off on main street, and many of the interests formerly comprising our idea of town, the doctor's office, grocery stores and dry-good, the feed and grain, the hardware store, schools and banks and eating places, the insurance office and barber shop, have long since pulled out, relocating along the highways, on the outskirts, in the ubiquitous shopping malls: urban sprawl, yet without much sense of anything urban, *these villages and towns and crossroads sit small and countrylike. A town is no longer a central place. 'Town' isn't any more thought of as a place of general employment.... Increasingly, towns take their meaning from the industry they attract...."*

—Linda Flowers

Throwed Away: Failures of Progress in Eastern North Carolina

Increasing productivity is responsible for the recent decline in the agricultural sector's size. Productivity gains, the capital costs associated with purchasing the equipment needed to boost productivity, and price competition with the developing world have led to a drop in small-scale farming and a rise in large-scale agribusinesses. The family farm is less a factor than in the past, but that doesn't mean agriculture isn't important to Eastern North Carolina's economy. Indeed, agriculture is critical. When the East is analyzed from the broader perspective of agribusiness, that is, all value-added economic activity associated with food, natural fiber, and forestry, agriculture still dominates the Eastern economy. In Sampson County, for example, agribusiness accounts for 95.6 of the county's total income.[22] (For more on the importance of agriculture to the Eastern economy, see pp. 38–63 in this issue.) Still, some argue that lumping together the raw materials used in production and labeling that agribusiness exaggerates the importance of agriculture. "Of course, agriculture provides raw materials for manufacturers," says Stuart. "So does mining. The value added is attributable to manufacturing, not farming."

Manufacturing

In spite of well-publicized struggles, manufacturing retains a significant presence in the East. Manufacturers employ 12.9 percent of Easterners. The sector's share of total employment ranges from 32.4 percent in Hoke County to 2.2 percent in Currituck County. Manufacturing jobs pay considerably more than agricultural ones. The average North Carolina manufacturing wage of $41,727 annually exceeds the average annual agricultural wage by 72 percent.

Manufacturing activities vary considerably in size and sophistication. Alfred Stuart of UNC-Charlotte's geography department has noted that manufacturing can be measured in terms of either the number of people employed or the amount of value added to a material. "Historically," writes Stuart, "North Carolina factories have accounted for a higher proportion of national employment than they have value added."[23]

Recently, North Carolina's manufacturing sector has shrunk in terms of employment but grown in terms of the amount of value added to products. Eastern manufacturers now are producing higher value products. While the East still has low-value

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Table 3. Average Annual Wage ($) in Eastern North Carolina by Major Sector and County, 2004

County	All Industries	Agriculture	Manufacturing	Retail	Select Services: Professional	Select Services: Health Care	Select Services: Food
1. Beaufort	$28,964	$25,584	$41,392	$18,096	$31,148	$22,672	$ 9,568
2. Bertie	25,428	26,052	*	16,744	22,256	17,212	87,88
3. Bladen	23,764	27,040	*	17,680	35,464	23,400	10,660
4. Brunswick	30,056	21,944	32,708	18,928	34,060	16,952	12,064
5. Camden	25,740	27,820	*	19,032	31,148	10,868	8,632
6. Carteret	23,608	24,284	24,336	19,604	34,424	28,860	11,648
7. Chowan	25,688	23,192	28,288	18,824	47,216	26,780	8,164
8. Columbus	27,144	29,172	42,796	19,032	27,040	21,164	9,412
9. Craven	31,928	26,312	40,664	20,592	42,068	32,656	10,088
10. Cumberland	29,900	17,264	44,564	21,892	37,700	37,544	10,712
11. Currituck	23,660	26,260	32,344	20,748	32,708	22,048	13,468
12. Dare	25,012	56,992	30,004	22,620	35,620	35,152	14,924
13. Duplin	25,636	29,276	26,624	17,420	24,180	23,608	9,100
14. Edgecombe	29,432	19,344	29,380	17,056	28,444	25,740	10,556
15. Gates	24,544	21,476	31,824	14,300	24,752	23,348	8,216
16. Greene	23,816	19,968	29,848	16,276	19,760	19,136	9,412
17. Halifax	25,740	20,280	40,248	18,928	42,796	23,608	10,244
18. Harnett	26,728	19,344	34,320	19,032	29,536	27,664	9,620
19. Hertford	26,208	24,180	47,060	17,420	32,916	20,488	27,196
20. Hoke	23,868	19,812	24,076	15,444	21,788	19,916	8,892
21. Hyde	21,684	15,288	13,988	15,340	22,672	21,112	26,624
22. Johnston	29,120	17,472	47,996	19,240	37,180	28,028	10,504
23. Jones	26,728	23,764	30,628	14,924	36,660	29,848	9,724
24. Lenoir	27,976	21,164	36,452	21,320	38,064	28,756	30,316
25. Martin	28,912	21,268	48,984	18,044	27,300	19,552	9,152
26. Nash	31,512	16,796	40,716	20,696	36,348	28,652	10,556
27. New Hanover	31,616	20,072	53,612	23,192	48,568	38,012	11,232
28. Northampton	25,584	23,868	39,624	21,528	32,604	17,680	*
29. Onslow	23,972	24,232	30,420	20,124	28,860	28,756	10,088
30. Pamlico	23,192	29,328	23,296	17,940	20,436	20,436	9,620
31. Pasquotank	27,404	20,072	30,836	21,476	32,656	32,136	19,552
32. Pender	24,076	16,328	28,600	17,680	24,648	21,736	9,776
33. Perquimans	22,724	20,540	22,412	16,640	19,448	21,632	9,776
34. Pitt	30,992	18,148	40,508	20,436	39,832	38,896	9,828
35. Robeson	25,688	24,960	29,380	18,980	24,596	27,456	9,828
36. Sampson	26,624	23,712	31,668	18,824	33,124	29,536	9,204
37. Scotland	26,832	25,376	32,188	18,512	34,476	32,760	9,724
38. Tyrrell	22,048	24,180	*	16,172	*	21,736	7,020
39. Washington	22,672	22,620	31,824	17,888	22,360	20,280	8,372
40. Wayne	27,456	23,764	34,528	19,344	33,436	30,732	9,880
41. Wilson	32,188	17,680	43,680	20,488	39,468	30,056	10,764
41 Eastern Counties	*28,346*	*23,064*	*38,114*	*20,410*	*38,652*	*31,043*	*10,699*
N.C. Statewide	**$34,788**	**$24,313**	**$41,727**	**$22,440**	**$51,586**	**$35,523**	**$12,460**

Notes: "*" denotes missing data.

Source: N.C. Department of Commerce Economic Development Information System

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manufacturing dependent on large quantities of low-cost laborers, there has been growth in high-value-added manufacturing.

Take St. Pauls. The Carolina Mills facilities that closed in 2001 employed 550 people in the manufacture of a low-value product: yarn. Paraclete Armor, by contrast, employs fewer people but produces much more valuable textile products for a niche market.

> *"Companies that can pick and choose will likely relocate where they can have the best of both worlds: cooperation from state and local governments, but, also, good schools and cultural enrichment."*
>
> —LINDA FLOWERS
>
> *THROWED AWAY: FAILURES OF PROGRESS IN EASTERN NORTH CAROLINA*

The auto industry is another example of more sophisticated manufacturing in the East. While North Carolina possesses no auto assembly plants—having failed in bids to attract familiar nameplates such as BMW, Honda, and Mercedes, the state has the nation's 10th largest automotive cluster in terms of employment. More than 1,000 auto-related and auto-dependent firms operate in North Carolina with a number of companies concentrated in the area between Greenville and Rocky Mount. Collectively, the auto industry generates total wages of $4.8 billion and has been targeted by the state Department of Commerce as a promising prospect for future expansion.[24]

Retail and Service Sectors

"Since the late 1970s, manufacturing and services have essentially switched places in terms of their respective shares of the state's economy," writes Elizabeth Jordan, a policy analyst at the North Carolina Budget and Tax Center and author of the report "The State of Working North Carolina 2004."[25]

Today, the retail and service sectors employ more than three of every four Easterners. Specifically,

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retail accounts for 12.9 of the region's total employment, while service employment encompasses six of every 10 jobs.

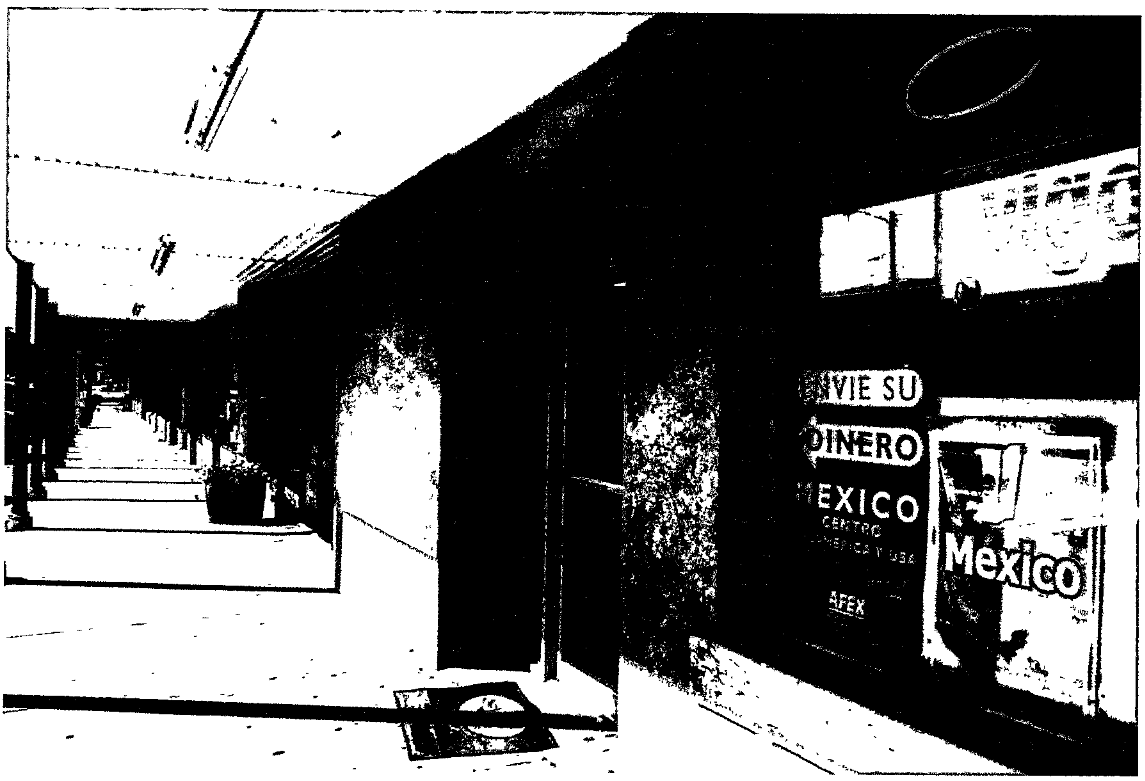
This development is not unique to Eastern North Carolina. MDC Inc., a Chapel Hill think tank, has shown that the retail and service sectors generated two-thirds of all new jobs in the South between 1980 and 2000. According to the organization's "The State of the South 2000" report, "Population growth and aging, rising affluence and the enlargement of the region's consumer base and increasing educational attainment—all of these factors have driven the surge in services and retail jobs."[26]

In spite of its size, retail pays poorly. Statewide, retail offers an average weekly wage of $439 ($22,440 annually), and many retail jobs offer no benefits. A low-paying sector to begin with, retail pays even less in the East. Only three Eastern counties—Dare, Currituck, and New Hanover—have retail sectors that pay weekly wages at or above the statewide average. The retail sectors in every other county pay below average wages. Gates County's average weekly retail wage of $251 ($14,300 annually), for example, is 36 percent less than the statewide average.

The service sector is harder to describe. Though typically portrayed as low-skill, poorly paid jobs at fast food restaurants, service positions actually range in quality from fast food clerks to skilled workers in medical facilities to scientists and engineers who provide professional services.

The East's service sector employs 567,987 people in jobs ranging from private-school teachers to dry cleaners. The health care/social services field constitutes the largest part of the East's service sector, employing 14 percent of workers. Next comes educational services (excluding public schools), which accounts for 10.5 percent of the region's employed workers. The accommodations and food service sector forms the third largest part of the East's service sector with 8.9 percent of employed workers.

Wages in the service sector vary among subsectors. With an average weekly wage of $1,095 ($51,586 per year), business and professional service is the sector's best-paid part. Health care, meanwhile, offers an average weekly wage of $716 ($35,523 a year), but food service pays considerably less—an average weekly wage of $241 ($12,460 annually). These figures show that a person may earn a good wage in the service industry if that person possesses the right skills and education to work in a high paying sub-sector.



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> *"Economists point to the increased difficulty rural areas are likely to face in attracting and retaining outside companies, largely because the attitudes and many of the policies historically conducive to this end now work somewhat against it: cheap, abundant labor aggressively advertised, low corporate taxes, right-to-work legislation, anti-unionism, governmental cooperation, and the like. Exploitations on which Southern manufacturing has always been dependent may now be coming home to roost. The same low taxes that traditionally have made us attractive to industry also keep us poor: our schools, especially, as well as, in some ways, our quality of life."*
>
> —LINDA FLOWERS
>
> *THROWED AWAY: FAILURES OF PROGRESS IN EASTERN NORTH CAROLINA*

Leading Private Employers

The East's major employers mirror the region's economy. As of the second quarter of 2004, all Eastern employers, private and public, employed 881,251 individuals—24 percent of all working North Carolinians. The private sector employed 76.3 percent of these individuals, while the public sector employed the remainder. Compared to the state overall, the East's private sector employs fewer people (76.3 percent versus 82.7 percent for North Carolina as a whole); its public sector, more (23.7 percent in the East versus 17.7 percent in North Carolina overall).

Table 4 lists the three largest private employers in each Eastern county as of 2003.[27] In general, some combination of a manufacturer, retailer, and health/education provider form the three largest employers.

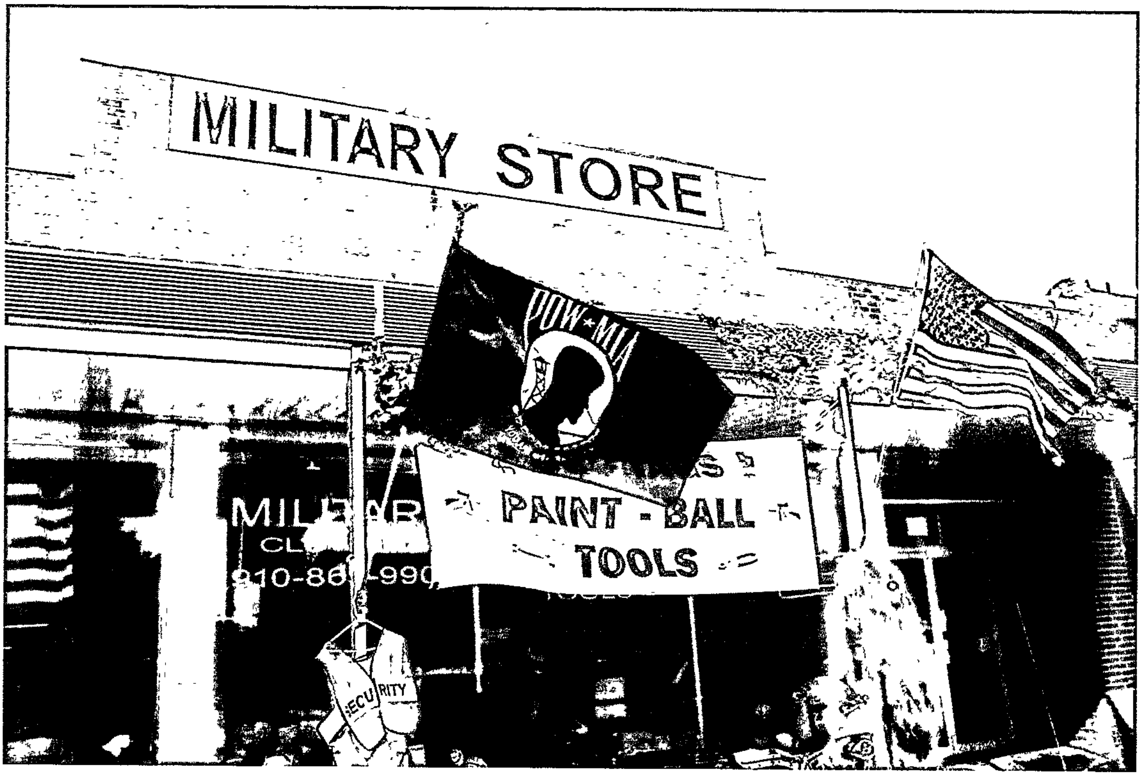
A manufacturer was among the three largest employers in 33 counties. In 17 of these counties, a manufacturer employing 500 or more people was the single largest private-sector employer. These manufacturers ranged in type from Perdue Products' food-processing facility in Bertie County to Abbott Laboratories' pharmaceutical plant in Nash County.

Trade/retail firms were the next most frequent private employer, ranking among the top three in 20 counties and first in eight counties. Wal-Mart Associates was the largest employer in four counties. In Cumberland County alone, Wal-Mart employed more than 1,000 people between its stores and national distribution center.

A health/education provider ranked among the largest employers in 18 counties and was the largest employer in eight counties. In Harnett County, for instance, Campbell University was the largest private employer. This category also includes many public sector employers. Pitt County Memorial Hospital employs 5,570 and East Carolina University employs 4,652 in Pitt County, while the leading private sector employer, Lear Siegler Service, employs fewer than 500. In New Hanover County, New Hanover Medical Center employs some 3,900 and the University of North Carolina about 1,600, while the largest private sector employer in the county, Wal-Mart, employs more than 1,000. Wayne County's Wayne Memorial Hospital is the leading employer in its home county, and Seymour Johnson Air Force Base also ranks among the county's top five employers.

The Military: Eastern North Carolina's Silent Economic Giant

Eastern North Carolina's economy cannot be fully understood apart from the military. The state houses several important installations, all of which are located in the East: Fort Bragg and Pope Air Force Base in Cumberland County; Camp Lejeune Marine Corps Base and New River Air Station (Onslow County); Cherry Point Marine Corps Air Station (Craven County); Seymour Johnson Air Force Base (Wayne County); and the Sunny Point Marine Terminal (Brunswick County). Also, the state's northeast corner benefits economically from



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the naval facilities around Norfolk, Va., and a major Coast Guard facility in Elizabeth City. Meanwhile, spending on the National Guard and Air National Guard occurs across the state. (The military's economic impact on Eastern North Carolina, along with potential impact of the U.S. Department of Defense initiative to streamline operations and close some bases is discussed in greater detail in "More Than Economics: The Military's Broad Impact on Eastern North Carolina," pp. 64–115.)

North Carolina has the fourth highest military presence of any state in the nation, meaning the Department of Defense is a major employer. The federal government's payroll carries 115,840 uniformed personnel and 21,192 civilians. With so many jobs linked directly to the military, there is additional economic stimulus affecting retail trade and the service sector.

The military also provides business opportunities for North Carolina firms. Supply contracts with the U.S. Department of Defense (DoD) brought $1.4 billion into 77 North Carolina counties in 2002. Though that number seems impressive, it represented less than 1 percent of all DoD procurement dollars. In 2002, North Carolina actually received fewer DoD procurement dollars than half of the states in the nation.

Growing the amount of contract dollars flowing into the Old North State is the job of Scott Dorney, a former lieutenant colonel in the Army and the first executive director of the North Carolina Military Business Center (NCMBC). Based in Fayetteville and part of the North Carolina Community College System, the NCMBC was created with state money in 2004 to, in Dorney's words, "leverage the presence of the military in our state for economic development and quality of life for all."

The NCMBC works to bridge the bureaucratic canyon that often separates in-state firms from opportunities. As a result of the Defense Department's elaborate procurement process, local firms capable of providing a good or service may not know an opportunity exists or be eligible to bid on the service. Through initiatives like its *MatchForce.org* website and business assistance services, the NCMBC will help local firms learn about opportunities and become qualified to compete for contracts. Doing this often requires businesses to alter their mindsets.

"We may not make fighter aircraft or aircraft carriers in North Carolina," says Dorney, "but we certainly have plenty of sand and clay." Yet Dorney experienced difficulties in finding qualified North Carolina firms willing to bid as a prime contractor on a $250,000 contract to provide 30,000 cubic yards

Table 4. Three Largest Private Employers, by County in Eastern N.C., 2003

	County	Employer	Industry	# of Employees
1.	Beaufort	PCS Phosphate	Manufacturing	1,000+
		Beaufort County Hospital	Education/Health Services	500–999
		National Spinning Company	Manufacturing	250–499
2.	Bertie	Perdue Products	Manufacturing	1,000+
		Quality Home Staffing	Education/Health Services	250–499
		VF Jeanswear	Manufacturing	250–499
3.	Bladen	Smithfield Packing	Manufacturing	1,000+
		Youngblood Staffing	Professional Services	250–499
		Danaher Controls	Manufacturing	100–249
4.	Brunswick	Progress Energy	Utilities	500–999
		Wal-Mart Associates	Trade/Transportation	500–999
		Bald Head Island LP	Financial Activities	250–499
5.	Camden	Rainbow Shop	Trade/Transportation	50–99
		Blackwater Lodge & Training	Education/Health Services	50–99
		Coca-Cola Enterprises	Manufacturing	50–99
6.	Carteret	Wal-Mart Associates	Trade/Transportation	500–999
		Security Services of America	Professional Services	250–499
		Atlantic Veneer Corp.	Manufacturing	250–499
7.	Chowan	East Carolina Health	Education/Health Services	250–499
		The Moore Company	Manufacturing	250–499
		Life Inc.	Education/Health Services	100–249
8.	Columbus	International Paper	Manufacturing	1,000+
		Columbus County Hospital	Education/Health Services	500–999
		Georgia-Pacific Corp.	Manufacturing	250–499
9.	Craven	Moen Incorporated	Manufacturing	500–999
		Brunswick Corp.	Manufacturing	500–999
		BSH Home Appliance Corp.	Manufacturing	500–999
10.	Cumberland	Wal-Mart Associates	Trade/Transportation	1,000+
		Goodyear Tire & Rubber	Manufacturing	1,000+
		Purolator Products	Manufacturing	1,000+
11.	Currituck	Brindley & Brindley Realty	Financial Services	500–999
		Food Lion	Trade/Transportation	100–249
		Griggs Lumber & Products	Trade/Transportation	100–249
12.	Dare	Food Lion	Trade/Transportation	250–499
		Whitecap Linen	Other Services	250–499
		Sun Realty	Financial Services	250–499
13.	Duplin	Carolina Turkeys	Manufacturing	1,000+
		Murphy-Brown	Natural Resources/Mining	1,000+
		House of Raeford	Manufacturing	500–999
14.	Edgecombe	Barnhill Contracting	Construction	500–999
		Sara Lee Corp.	Manufacturing	500–999
		QVC Rocky Mount	Trade/Transportation	500–999

—continues

Table 4, *continued*

County	Employer	Industry	# of Employees
15. Gates	Centennial Employee Corp.	Education/Health Service	50–99
	Ashton Lewis Lumber	Manufacturing	50–99
	Family Foods of Gatesville	Trade/Transportation	50–99
16. Greene	Associated Materials	Manufacturing	100–249
	Parker Hannifin Corp.	Manufacturing	100–249
	Britthaven Inc.	Education/Health Services	100–249
17. Halifax	International Paper	Manufacturing	500–999
	Wal-Mart Associates	Trade/Transportation	250–499
	Safelite Glass Corp.	Manufacturing	250–499
18. Harnett	Campbell University	Education/Health Services	500–999
	Food Lion, LLC	Trade/Transportation	500–999
	Morganite Inc.	Manufacturing	500–999
19. Hertford	East Carolina Health	Education/Health Services	500–999
	Nucor Corporation	Manufacturing	250–499
	The GEO Group	Professional Services	250–499
20. Hoke	House of Raeford	Manufacturing	1,000+
	Burlington Industries	Manufacturing	500–999
	Conopco Inc.	Manufacturing	500–999
21. Hyde	The East Carolina Bank	Professional Services	50–99
	Cross Creek Healthcare	Education/Health Services	50–99
	Mattamuskeet Seafood	Manufacturing	50–99
22. Johnston	Bayer Healthcare	Manufacturing	1,000+
	Caterpillar Inc.	Manufacturing	500–999
	Steve Tarts Race Shop	Manufacturing	500–999
23. Jones	Trent Village Nursing Home	Education/Health Services	50–99
	Eastern Carolina Internal Medicine	Education/Health Services	50–99
	Charles Blythe Equipment	Trade/Transportation	50–99
24. Lenoir	Invista Inc.	Manufacturing	500–999
	Electrolux Home Products	Manufacturing	500–999
	Manpower Temporary Services	Professional Services	500–999
25. Martin	Weyerhaeuser Company	Manufacturing	1,000+
	Williamston Yarn Mill	Manufacturing	250–499
	Martin General Hospital	Education/Health Services	250–499
26. Nash	Abbott Laboratories	Manufacturing	1,000+
	RBC Centura Bank	Financial Activities	1,000+
	Cummins Business Services	Manufacturing	1,000+
27. New Hanover	Wal-Mart Associates	Trade/Transportation	1,000+
	Corning Inc.	Manufacturing	500–999
	Pharmaco	Professional Services	500–999
28. Northampton	Lowes Home Center	Trade/Transportation	250–499
	Severn Peanut Co.	Trade/Transportation	100–249
	Georgia Pacific Resins	Manufacturing	100–249

Table 4, *continued*

County	Employer	Industry	# of Employees
29. Onslow	Wal-Mart Associates	Trade/Transportation	500–999
	Coastal Enterprises	Education/Health Services	500–999
	Food Lion	Trade/Transportation	250–499
30. Pamlico	YMCA	Other Services	250–499
	Food Lion	Trade/Transportation	100–249
	Britthaven Inc.	Education/Health Services	50–99
31. Pasquotank	Lear Siegler Service	Trade/Transportation	250–499
	Wal-Mart Associates	Trade/Transportation	250–499
	Food Lion	Trade/Transportation	100–249
32. Pender	AG Mart Produce	Natural Resources/Mining	500–999
	Del Laboratories	Trade/Transportation	250–499
	LL Building Products	Manufacturing	100–249
33. Perquimans	Mariner Health Central	Education/Health Service	50–99
	Apricot Inc.	Manufacturing	50–99
	Food Lion	Trade/Transportation	50–99
34. Pitt	DMS Pharmaceuticals	Manufacturing	1,000+
	NACCO Materials	Manufacturing	500–999
	Whitaker Trucking	Trade/Transportation	500–999
35. Robeson	SE Regional Medical Center	Education/Health Services	1,000+
	Mountaire Farms of NC	Manufacturing	1,000+
	Campbell Soup	Manufacturing	500–999
36. Sampson	Premium Standard Farms	Manufacturing	500–999
	Prestage Farms	Natural Resources/Mining	500–999
	Wal-Mart Associates	Trade/Transportation	250–499
37. Scotland	West Point Stevens Inc.	Manufacturing	1,000+
	Scotland Memorial Hospital	Education/Health Services	500–999
	Staffing Connection	Professional Services	500–999
38. Tyrrell	Capt. Neill's Seafood	Manufacturing	100–249
	Double Dee Farms	Natural Resources/Mining	20–49
	Durwood Cooper Farms	Natural Resources/Mining	20–49
39. Washington	HIS Acquisition	Education/Health Services	50–99
	New Colony Farms	Natural Resources/Mining	50–99
	Home Life Care	Education/Health Services	50–99
40. Wayne	Case Farms	Manufacturing	500–999
	Mt. Olive Pickle	Manufacturing	500–999
	Cooper Standard Automotive	Manufacturing	500–999
41. Wilson	Bridgestone/Firestone	Manufacturing	1,000+
	Branch Banking & Trust	Financial Activities	1,000+
	VF Jeanswear	Manufacturing	1,000+

Source: North Carolina Employment Security Commission, 3rd Quarter of 2003
http://jobs.esc.state.nc.us/lmi/largest/topten.htm.

of sand and clay for one of Fort Bragg's drop zones. Only five potential vendors were properly registered with the DoD, and none were willing to bid.

After several unsuccessful attempts, Dorney found one firm near Fort Bragg that knew about the pre-solicitation notice and easily could provide enough dirt. The firm, however, would not bid since a Pennsylvania company willing to submit a bid had contacted the North Carolina firm about a subcontracting arrangement. Though the local company would do all the work, the Pennsylvania firm would take a sizable percentage of the contract for completing the same paperwork that the NCMBC would help the local company complete for free.

Similarly, Dorney learned after-the-fact that the Department of Defense was awarding $233 million in contracts for the provision of battle dress coats and trousers to the Army. Despite the well-documented difficulties of North Carolina's textile industry, none of the contracts or jobs will come to the state. The contracts instead went to firms in Mississippi, Alabama, Pennsylvania, and Puerto Rico.

"We cannot continue to let this business get away from us," says Dorney, who also notes that the stakes will grow larger in coming years. Fort Bragg, for example, is expected to award $900 million in construction contracts over the next four years. The challenge is to find ways of keeping that money in North Carolina.

"Once fully operational, the NCMBC will help in-state companies find, bid on, win and successfully complete military business," says Dorney. "The military represents a huge, largely untapped resource for economic development, but trends in defense contracting mean that we will have to work even harder to leverage this engine for economic development."

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The Role of Small Businesses

Small businesses are another frequently overlooked part of the East's economy. Because of their potential to open big facilities that employ large numbers of people, large companies frequently are the darlings wooed by industrial recruiters with incentive packages. In 1998, for instance, North Carolina offered Nucor Corporation $161 million in incentives to build a steel plant in Hertford County that would employ approximately 300 people.[28]

Yet large employers like Nucor are a rarity. "The vast majority of businesses in Eastern North Carolina are small ones, employing fewer than 50 people," observes Catherine Moga Bryant, senior research associate at the North Carolina Rural Economic Development Center. "These establishments often are overlooked because of their size, but collectively they have a significant economic impact."

Data collected by the Rural Center show that small and medium size establishments, measured in terms of employment, comprise most of the businesses in the state and the East. Of the East's 57,243 establishments with employees in 2002, 95 percent employed 49 or fewer people, and 86 percent had 19 or fewer employees. Just 2.1 percent of Eastern establishments employed 100 or more people (see Table 5, p. 25).[29] This translates into more total jobs at smaller firms. In coastal Beaufort County, for example, 16,429 persons held full-time jobs in 2002, according to the Employment Security Commission of North Carolina. Of that total, 3,125 (19.02 percent) worked for employers with more than 100 persons on the payroll, while 4,571 (27.8 percent) held jobs with businesses employing 19 or fewer workers.[30]

"Small businesses currently are the major contributor to the economy of the East, and this will continue to be the case," says Scott Daugherty, who oversees the University of North Carolina

Table 5. Size of Establishments with Employees in Eastern North Carolina, by County, 2002

County	Total # Establishments	Establishments w/ 100 + Employees	% of Total	Establishments w/ 0–49 Employees	% of Total	*Establishments w/ 0–19 Employees*	*% of Total*
1. Beaufort	1,209	25	2.1%	1,154	95.5	*1,063*	*87.9%*
2. Bertie	390	5	1.3	372	95.4	*346*	*88.7*
3. Bladen	628	13	2.1	600	95.5	*549*	*87.4*
4. Brunswick	2,006	33	1.6	1,935	96.5	*1,794*	*89.4*
5. Camden	199	1	0.5	193	97.0	*178*	*89.4*
6. Carteret	2,075	24	1.2	2,001	96.4	*1,851*	*89.2*
7. Chowan	418	8	1.9	395	94.5	*363*	*86.8*
8. Columbus	1,226	23	1.9	1,163	94.9	*1,074*	*87.6*
9. Craven	2,316	48	2.1	2,194	94.7	*1,990*	*85.9*
10. Cumberland	5,805	139	2.4	5,429	93.5	*4,863*	*83.8*
11. Currituck	531	5	0.9	519	97.7	*494*	*93.0*
12. Dare	1,951	18	0.9	1,890	96.9	*1,742*	*89.3*
13. Duplin	1,114	29	2.6	1,047	94.0	*967*	*86.8*
14. Edgecombe	1,130	40	3.5	1,039	91.9	*948*	*83.9*
15. Gates	162	0	0.0	152	93.8	*144*	*88.9*
16. Greene	309	8	2.6	295	95.5	*272*	*88.0*
17. Halifax	1,169	25	2.1	1,103	94.4	*994*	*85.0*
18. Harnett	1,571	31	2.0	1,492	95.0	*1,363*	*86.8*
19. Hertford	596	19	3.2	556	93.3	*511*	*85.7*
20. Hoke	354	8	2.3	342	96.6	*311*	*87.9*
21. Hyde	215	3	1.4	209	97.2	*196*	*91.2*
22. Johnston	2,788	44	1.6	2,666	95.6	*2,465*	*88.4*
23. Jones	203	1	0.5	198	97.5	*184*	*90.6*
24. Lenoir	1,544	40	2.6	1,432	92.7	*1,293*	*83.7*
25. Martin	595	14	2.4	565	95.0	*501*	*84.2*
26. Nash	2,443	63	2.6	2,299	94.1	*2,054*	*84.1*
27. New Hanover	6,488	107	1.6	6,192	95.4	*5,628*	*86.7*
28. Northampton	412	6	1.5	393	95.4	*360*	*87.4*
29. Onslow	2,614	40	1.5	2,520	96.4	*2,307*	*88.3*
30. Pamlico	295	4	1.4	282	95.6	*261*	*88.5*
31. Pasquotank	973	20	2.1	913	93.8	*829*	*85.2*
32. Pender	906	15	1.7	874	96.5	*821*	*90.6*
33. Perquimans	215	1	0.5	205	95.3	*194*	*90.2*
34. Pitt	3,477	81	2.3	3,258	93.7	*2,917*	*83.9*
35. Robeson	2,037	61	3.0	1,890	92.8	*1,711*	*84.0*
36. Sampson	1,288	31	2.5	1,151	93.7	*1,057*	*86.1*
37. Scotland	746	37	5.0	681	91.3	*613*	*82.2*
38. Tyrrell	118	2	1.7	113	95.8	*110*	*93.2*
39. Washington	314	5	1.6	300	95.5	*273*	*86.9*
40. Wayne	2,474	74	3.0	2,305	93.2	*2,075*	*83.9*
41. Wilson	1,999	57	2.9	1,860	93.0	*1,671*	*83.6*
41 Eastern Counties	*57,243*	*1,208*	*2.1*	*54,177*	*94.6*	*49,337*	*86.2*
N.C. Statewide	**235,339**	**5,684**	**2.4**	**221,915**	**94.3**	***202,806***	***86.2***

Source: Institute for Rural Entrepreneurship *North Carolina Business Data Source Book* (Raleigh, NC: North Carolina Rural Economic Development Center, October 2003).

system's economic development initiatives and is executive director of the system's Small Business Technology and Development Center (SBTDC).

Through a network of 11 service centers, four of which are in the East, the Small Business Technology and Development Center helps companies gain the market opportunities, technical support, and capital needed to start or grow a business. Such services are especially important in the East where the geographic dispersion of communities hinders the creation of the "critical mass" required for rapid economic growth. "The SBTDC helps markets work better," says Daugherty.

"It's not only New York's garment district that the North Carolina textile industry must now consider, but Japan and Taiwan and Korea. Few companies native to the state and few coming in can be said to thrive independently of international competition."

—LINDA FLOWERS

THROWED AWAY: FAILURES OF PROGRESS IN EASTERN NORTH CAROLINA

The Marine Trade Services Unit is one SBTDC initiative that has had an impact on Eastern North Carolina. The program, which was established in 1991 and operates out of sites in Wilmington and Beaufort, has helped grow and market internationally the state's marinas, boatyards, boat dealers, boat builders, marine construction firms, and suppliers. "Today, the marine industry employs more than 25,000 people and is responsible for sales of nearly $500 million," says Daugherty. Most of this activity is east of Interstate 95.

Besides the SBTDC, UNC's constituent campuses also are trying to use their resources to grow their local economies and promote entrepreneurship. The campuses say that such efforts are an outgrowth of their public service or, in the case of the land-grant schools, their extension missions. The Cameron School of Business at the University of North Carolina at Wilmington, for instance, recently redesigned its Master of Business Administration program to allow students to participate in a "learning alliance" coordinated by the SBTDC. Participating students provide technical expertise to promising businesses identified by the SBTDC, which in turn oversees an experiential learning opportunity for the students.

Daugherty says three major challenges face university-based economic development initiatives. First, much of the push for economic development comes, in his judgment, from external political sources that hope that the universities can create jobs in a certain region. Second, external pressures can lead to the duplication of services across the system and within individual campuses. Finally, past university-based programs have not been expected to measure their performance. "Return on investment measures," says Daugherty, "must be expected of any public investment."

Several criticisms have been leveled against such public investments in small businesses. First, while there are more of them, some critics argue that small businesses lack the economic impact of large firms. Because large firms frequently offer higher pay and benefits, they have a greater economic impact on a per employee basis. Also, large firms may have a greater multiplier effect. Large businesses often create a demand for supplies provided by smaller firms. Small firms, however, seldom create a similar effect unless they develop in clusters that provide a similar product or service and thus attract larger suppliers.

However, the recruitment of larger firms through use of incentives has come under criticism of its own, with such problems as promised number of jobs not materializing and firms pulling up stakes and leaving town once the agreed-upon incentives period ends.[31] Daugherty disputes the notion that small business has less impact than more celebrated economic development conquests of a single large firm. "[S]mall businesses are enormously important to our economy," Daugherty says. "They account for nearly all of the net job growth of the past decade.... [T]hey account more than 42 percent of the private sector jobs, and they contribute nearly one-half of the gross domestic product. If that doesn't represent economic impact, then I don't know what it is."

Second, some observers doubt the efficiency of government-funded attempts to encourage entrepreneurship. "People who make economic decisions need to have a stake in the outcomes," says George Leef, an economist and director of the private, nonprofit John William Pope Center for Higher Education Policy in Chapel Hill. Leef says that economic growth occurs spontaneously and that government programs designed to spark economic activity have terrible track records because the decision-makers lose nothing if investments fail.

But Daugherty takes issue with the assertion that government-funded attempts to encourage entrepreneurialism are inefficient. "This is based on the erroneous assumption that assistance providers like the SBTDC are making economic decisions and have nothing to lose if investments fail. The SBTDC clearly understands that it is not creating jobs and that it does not make business decisions for its clients. But, our clients are seeking our advice and counsel specifically to help them make better decisions about the future of their businesses. The outcomes of this are clear. Our client base significantly outperforms the North Carolina small business base in terms of employment and sales growth year in and year out."

Leef is especially critical of university-based economic development initiatives. "What can the university provide that other private-sector actors can't?" asks Leef. "We don't need the university to guide the invisible hand of the marketplace."

Third, other commentators caution that university-based economic development activities may undermine universities' teaching and research functions. "Universities should be wary about trying to perform 'commercial' functions or be involved in picking 'market winners and losers' which are not their area of expertise," says Jennifer Washburn, author of *University Inc: The Corporate Corruption of Higher Education* and a past presenter at North Carolina State University's Emerging Issues Forum in Raleigh. "These commercial activities undermine the universities' autonomy, their intellectual independence, and their non-profit educational status."

According to Washburn, "universities can help nurture local and regional development, first and foremost, by graduating first rate students." In her writing, Washburn also has asked if universities stress their role in economic development in order to justify public investment in higher education during a time of fiscal austerity.[32]

Daugherty says the answer is no. "The fact is that the emerging emphasis on economic development is driven by the transformation of our economy and global competitiveness," Daugherty says. "Our future economic well-being will more than ever be linked to our innovative capacities and the creation of new economic opportunities. Universities represent the largest concentration of economic capital

Karen Tam

in America. Universities are trying to bridge the 'knowing versus doing' gap in order to support more competitive economic activities."

While not pursued for economic development purposes, Pitt Memorial Hospital, the teaching hospital affiliated with East Carolina Medical School, has been a huge creator of jobs and spin-off economic activity in Pitt County and beyond. And, there can be no argument that universities produce something business and industry increasingly crave—college graduates. There is broad recognition among business and university leaders that a more educated work force with a higher percentage of college graduates is a plus in recruiting business and industry.

The Human Resources Challenge

In recent years, scholars and policymakers have struggled to understand the forces driving the economy. While the exact theories and terminology differ, the basic conclusion is this: the modern economy depends not on physical labor, but upon skilled people able to manipulate knowledge and ideas. Even traditional industries like manufacturing will require people who possess higher-order skills and the flexibility to adapt to rapidly changing circumstances.

Richard Florida, a professor of public policy at George Mason University in Fairfax, Va., argues that a "creative class" of talented and highly educated individuals powers economic growth in the modern world.[33] According to Professor Florida, class and geographic place are intertwined, with economic prosperity welling up in places capable of drawing, cultivating, and retaining creative individuals. By that, Florida means people who work in the arts, technology, engineering, and science, along with management, business, and legal professionals. Florida further observes that locations dominated by agricultural, service, and working class occupations not only are less prosperous but often economically stagnating or declining.

As a region, Eastern North Carolina possesses many communities dominated by employment in stagnating or declining industries like manufacturing, especially when compared to such other North Carolina communities as Raleigh-Durham. In fact, only a handful of Eastern cities—Wilmington, ranked 98th among 268 cities; Greenville, ranked 150th; and Fayetteville, ranked 179th—have sizable

Proposals to site regional landfills to handle interstate waste stirred controversy in the East in 2005.

creative classes as defined by Florida.[34] Greenville's strength was a ranking of 15th nationally in technology workers as a percentage of its work force, an anomaly for the region.

Indeed, the East's greatest economic barrier may be the limited educational attainment of its work force. Just 17 percent of the East's adult workforce possesses at least a bachelor's degree, compared to 23 percent of all North Carolinians. Low educational attainment, in turn, leads to employment in less lucrative occupations and greater rates of unemployment and poverty. On every measure of economic well-being—from lower median household income, to higher poverty rates and unemployment, to increased reliance on government transfer payments—the East does not do as well as the rest of the state.[35] Furthermore, the East's population is older. Of the region's 41 counties, 28 have median ages above the statewide median of 35.8.

And, in communities that historically were dominated by one industry or firm, like St. Pauls, there may be aversion to change. After decades of relying on the mills to tend to the community's needs, the town suddenly has had to assume much more responsibility for itself—an important but difficult shift in mentality. Says Lawrence DiRe, the town administrator, "We have to learn that no one else knows what's best for us. We have to learn the importance of doing for ourselves as much as possible."

"[H]ere a community college or technical school was a godsend. Everybody knew that an education was 'somethin' nobody can't take away from you,' but as the period unfurled, a year or two at James Sprunt or Wayne Community, Nash Tech or Sampson was apt to be looked upon as an alternative even to the willful capriciousness of life."

—Linda Flowers

Throwed Away: Failures of Progress in Eastern North Carolina

Looking to the Economic Future: Jobs and Place

The Eastern economy grew by attracting companies that wanted to locate "where land was cheap and labor low-cost, low-skilled and abundant."[36] Yet prosperity now favors places containing large numbers of highly skilled workers. The East's greatest previous competitive advantage has become its greatest disadvantage. Forecasts of future economic growth illustrate the consequences of this development. Consider projections of job growth (Table 6, p. 30).

In **percentage** terms, the 10 occupations expected to grow the most in the state between 2000 and 2010, according to the North Carolina Employment Security Commission, are in the technology and education/human services sectors, with computer support specialists expected to expand the most. All of these jobs require some form of advanced education and pay comparatively higher wages. Yet, these 10 occupations will create a relatively small number of actual jobs, a combined total of 45,950.[37] Most will not be created in Eastern North Carolina, with its relatively less educated work force.

Contrast this to the occupations expected to grow the most in **absolute** terms. The Employment Security Commission projects that nine of the 10 occupations projected to add the most jobs in North Carolina between 2000 and 2010 are in the generally lower paying service and retail sectors. These 10 occupations, led by growth in the number of retail salespersons, are expected to generate 189,520 jobs—four times as many as expected to be created by the 10 fastest growing occupations in percentage terms.[38]

Only two of the jobs that will grow the most in absolute terms require any advanced education—nurses and computer support specialists. The rest simply require some combination of on-the-job training and work experience. The low skill level of these jobs, however, translates into low pay. Elizabeth Jordan of the nonprofit N.C. Budget and Tax Center observes that five of these growing occupations offer wages of less than $10 per hour, and six pay less than $15 per hour. "Such jobs," writes Jordan, "will not pay, on average, a wage that would support the minimum needs of a North Carolina worker and his or her family."

If these trends materialize, future economic growth in Eastern North Carolina will vary depending on location. On the one hand, communities that offer work forces with higher levels of education

Table 6. Ten Fastest Growing Occupations in North Carolina, 2000–2010

A) Ranked in Percentage Terms

Occupation	% Change 2000–2010	Total Growth 2000–2010
Computer Support Specialists	91.5	14,220
Network Administrator	84.6	6,200
Computer Software Engineer	77.7	7,280
Desktop Publishers	64.2	520
Special Education Teachers, Pre-K, K	61.2	2,810
Social/Human Service Assistants	60.3	6,130
Occupational Therapist Aides	57.1	406
Library Science Teachers, Postsecondary	55.6	50
Writers and Authors	55.4	1,070
Speech-Language Pathologists	55.4	1,240

B) Ranked in Absolute Terms

Occupation	Total Growth 2000–2010	% Change 2000–2010
Retail Salespersons	26,770	24
Cashiers	22,850	21
Food Service Workers	22,390	42
Registered Nurses	21,840	34
Waiters	20,430	34
Nursing Aides	16,240	36
Customer Service Representatives	15,410	30
Teacher Assistants	14,760	44
First-Line Retail Managers	14,610	27
Computer Support Specialists	14,220	91

Sources: N.C. Employment Security Commission; Elizabeth Jordan *The State of Working North Carolina 2004*, N.C. Budget and Tax Center 2004, Raleigh, N.C. , p. 16.

and skills likely will serve as magnets for the kinds of large and small enterprises that require talented workers and pay high wages. These workers, in turn, may serve as a springboard for future growth. Additionally, prosperous urban areas will attract talented people who commute from adjacent communities, thereby benefitting both of those economies.

Fayetteville, Greenville, and Wilmington are three Eastern North Carolina cities that may already be on this path. All three are more prosperous than their neighbors and are striving to leverage their human capital and other assets. Fayetteville, for example, not only has made significant investments in infrastructure and economic development, but also is trying consciously to use its cultural, educational, and medical facilities to tap and retain the international talent that passes through neighboring Fort Bragg.[39]

In Greenville, Pitt Memorial Hospital and East Carolina University provide thousands of jobs that require advanced technical skills and boost the education levels of the work force. Meanwhile, Wilmington boasts a prime coastal location that attracts tourists and retirees, a University of North Carolina campus that is among the state's most popular, and a film industry built on creative talent.

An additional strength for the northeastern corner of the region is the strong economy of the Tidewater, Virginia area. Many North Carolina residents commute across state lines to work for employers like Ford Motor Company, military installations, and the shipyards, and proximity to this major job base likely will continue to lend an advantage. And, there is obvious growth potential for small towns such as Edenton, in Chowan County, where geography, architectural charm, and a strong sense of place provide an attraction for newcomers.

Pitt County's Farmville is another small town that has continued to thrive, despite a historic reliance on tobacco as the mainstay of the local economy.[40] As far back as the 1950s, Farmville civic leaders realized that tobacco would not carry the day indefinitely and sought to diversify its economy away from strict reliance on agriculture. Town leaders formed the Farmville Economic Council to diversify and attract industry, one of the first such organizations in the state. In the 1970s when small town mainstreets across North Carolina were showing signs of decay, Farmville embarked on a major campaign to spruce up its central business district, placing utilities underground, planting trees, and installing brick sidewalks and benches. Today, Farmville is prospering, providing more than 2,000 industrial jobs and providing the second largest employment base in Pitt County—second only to Greenville.

The efforts of small towns and larger cities alike show that those who develop a vision of the future that takes advantage of community assets and who work to implement that vision will be more likely to prosper by developing a broader economic base. On the other hand, communities with lower education and skill levels and fewer community and civic assets to build on likely will develop more low-paying service and retail jobs. Because such jobs pay less, they will form a precarious economic base less capable of generating the resources needed to develop the human and physical capital capable of attracting and developing more lucrative jobs and industries.

Two Lessons for the Future

Several policy and governmental organizations have offered comprehensive plans for growing the economy of rural American in general and Eastern North Carolina in particular. One such group is MDC, Inc., a Chapel Hill, N.C., nonprofit with a mission to expand opportunity, reduce poverty, and build inclusive communities throughout the South. Others include the North Carolina Rural Economic Development Center and the N.C. Rural Prosperity Task Force appointed by former Governor Jim Hunt. The North Carolina Center for Public Policy Research has published theme issues of *North Carolina Insight* on both economic issues confronting Eastern North Carolina and economic development in North Carolina generally. Building on this

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> *"Too often, plants relocating 'Down East' have done so as a last resort, hoping to recoup after prolonged and increasingly severe problems elsewhere. A question worth asking is whether the state's ability to attract such firms as have had relocation forced on them, and whose potential for staying afloat anywhere may be minimal, is not, in the long run, more harmful than good."*
>
> —LINDA FLOWERS
>
> *THROWED AWAY: FAILURES OF PROGRESS*

previous work, two lessons emerge from this latest consideration of Eastern North Carolina's economic engines.

First, investment in human capital is critical. Investing in human resources means encouraging education on all levels—K-12, community colleges and universities. "No strategy for improving the economic and social well-being of Eastern North Carolina can succeed without significant, perhaps massive, investment in improved public schools," writes Tom Lambeth, the long-time executive director and now a senior fellow at the Z. Smith Reynolds Foundation in Winston-Salem, N.C.[41] Also, education must not stop at graduation. People of all ages need to constantly learn more in order to innovate and prosper. Of course, opportunity also must exist in Eastern North Carolina for educated individuals; otherwise, they will leave in search of opportunity.

Second, regional leaders must stop thinking of economic development as a competition aimed at luring a jobs-producing trophy industry at the expense of one's neighbors. "So much of the South's economic development policies revolves around competition—state vs. state, county vs. county, city vs. city," observe the authors of "The State of the South 2002" report. "Further advancement will require regional collaborations instead of self-defeating competition."[42]

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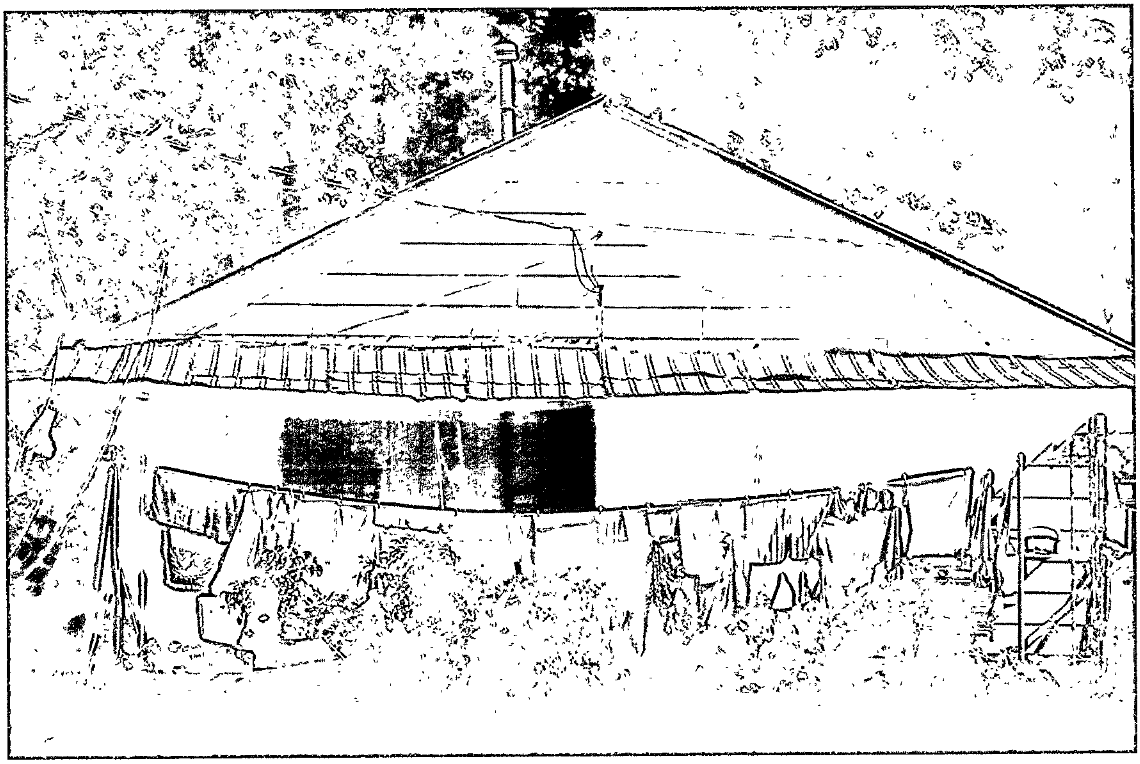

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Eastern communities must realize that they are interconnected and that one town or county's success is not necessarily a loss for its neighbor. Again, consider St. Pauls, located just down the road from Fayetteville. On its own, St. Pauls would have difficulty competing in the modern economy, but Fayetteville and Fort Bragg provide opportunities. Paraclete Armor, for instance, might not be in St. Pauls if not for its proximity to Ft. Bragg. So, St. Pauls, a Robeson County town, has a stake in the success of Fayetteville, a Cumberland County city.

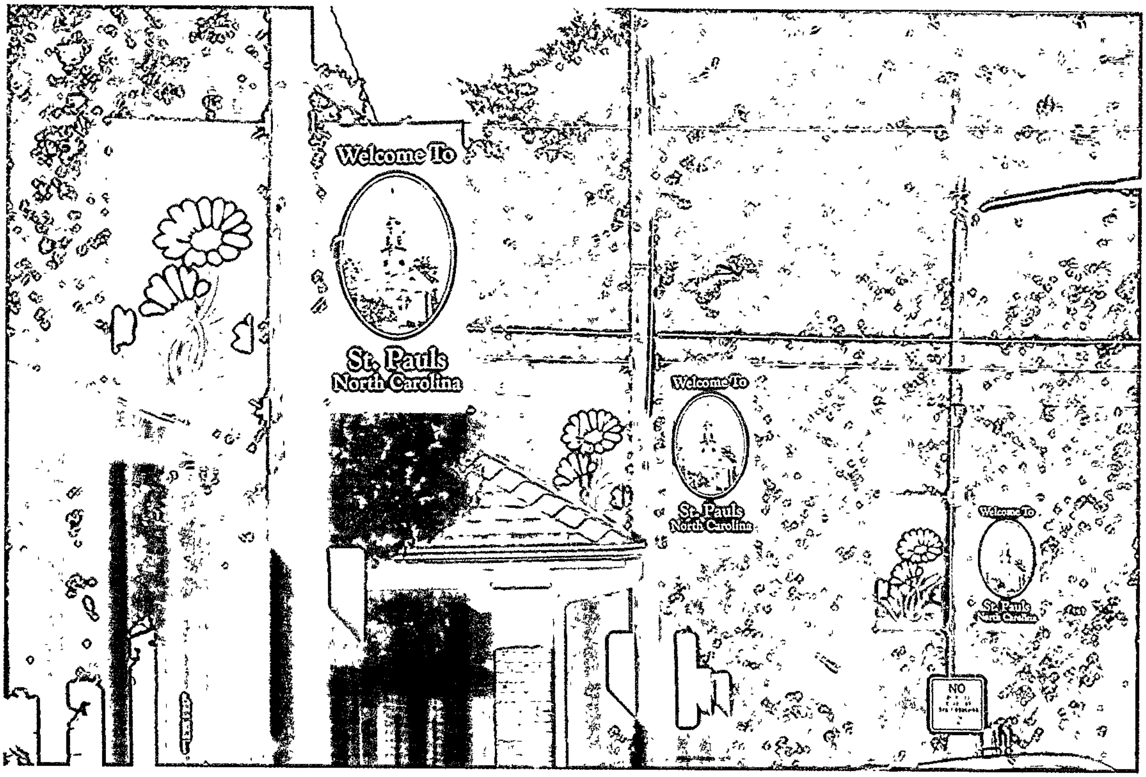
Successful eastern communities most likely will be those that see themselves as parts of larger regions and find ways of packaging and leveraging such existing community resources as community colleges and regional UNC campuses that produce educated workers and cultural opportunities.

The notion of regional cooperation is not a new one. North Carolina is divided into seven distinct regions for economic development purposes, with the 41 Eastern North Carolina counties contained primarily within the Northeast, Eastern, and Southeast partnerships. Many counties have their own distinct economic development organization within the broader regional structure, but some, such as Gateway Partnership comprised of Nash and Edgecombe counties, have joined together to further enhance regional cooperation. Another regional effort is the Foundation for the Renewal of Eastern North Carolina, a nonprofit located in Greenville, N.C., and formed with the intent to promote the economic interests of the entire 41-county region.

The question of whether Eastern North Carolina will become a robust part of the global economy or a victim of that economy has no single answer. Rather, the answer will be worked out on a case-by-case basis. Some eastern communities already are carving a place for themselves in the global economy. Others are floundering due largely to their deficits

"The really throwed away don't much respond to follow-up studies asking how well they're doing any more than do those whose whole life in schoolhouses hasn't yet enabled them to read and write."

—Linda Flowers
Throwed Away: Failures of Progress in Eastern North Carolina



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in human capital. Those are the places in danger of being left behind. Success will flow to communities that decide what their competitive advantages are and systematically work to capitalize on those advantages. Those advantages are enhanced by a community's location within a region that has strengths of its own. Thus, the towns and mid-sized cities of Eastern North Carolina can only benefit from efforts to stand together as a region, even as they address longer-term areas of need, such as strengthening infrastructure and improving the overall education level of the populace.

FOOTNOTES

[1] Joanne Scharer, "How Does the East Compare to the Rest of North Carolina?" *North Carolina Insight,* Volume 19, Nos. 3–4, December 2004, pp. 10–11.

[2] Author's compilation of demographic data available on the Internet from the U.S. Census Bureau at *http://www.census.gov,* the N.C. Rural Economic Development Center's Rural Databank at *http://www.ncruralcenter.org/databank,* and the N.C Department of Commerce's Economic Development Information System at *http://cmedis.commerce.state.nc.us/countyprofiles/#.*

[3] Leslie Boney III, "Does Eastern North Carolina Have the Infrastructure Needed for Growth?" *North Carolina Insight,* Volume 19, Nos. 3–4, December 2001, pp. 42–88.

[4] Douglas M. Orr Jr. and Alfred W. Stuart, editors, *The North Carolina Atlas,* University of North Carolina Press, Chapel Hill, N.C., 2000.

[5] Maps of net migration are displayed in the "Population" chapter of the North Carolina Atlas website, on the Internet at *www.ncatlasrevisited.org.* The state demographer projects that population losses will stabilize somewhat, with only five Eastern North Carolina counties losing population from 2005–2009—Bertie, Edgecombe, Halifax, Martin, Northampton, and Washington. See "Projected Annual Population Totals, 2005–2009," on the Internet at *http://demog.state.nc.us/demog/cpa2005p.html.*

[6] For a thorough discussion of the Global TransPark concept, see "Air Cargo Complex: Will It Fly? A Pro/Con Discussion," *North Carolina Insight,* Vol. 14, No. 2, September 2, 1992, pp. 26–57. See also the official website of the North Carolina Global TransPark at *http://www.ncgtp.com.*

[7] David R. Goldfield, "History," in Douglas M. Orr Jr. and Alfred W. Stuart, editors, *The North Carolina Atlas,* University of North Carolina Press, Chapel Hill, N.C., 2000, pp. 47–76.

[8] William S. Powell, *North Carolina Through Four Centuries,* The University of North Carolina Press, Chapel Hill, N.C., 1989, p. 135.

[9] Goldfield, note 7 above, p. 49.

[10] Powell, note 8 above, p. 4.

[11] Alfred W. Stuart, "Manufacturing," *The North Carolina Atlas,* note 4 above, pp. 177–197.

[12] Alfred W. Stuart. "The Changing Face of North Carolina: Mayberry No More," presentation given at the Carolina Seminar on Economic Development, William F. Friday Center, Chapel Hill, N.C., Dec. 2003.

[13] Powell, note 8 above, p. 571.

[14] Center for the Study of Rural America, "Beyond Cows and Corn: Rural America in the 21st Century" *The Main Street Economist,* Federal Reserve Bank of Kansas City, Kansas City, Mo., October 2004, p. 2.

[15] Stuart, "Manufacturing," *The North Carolina Atlas,* note 4 above, p. 177.

[16] "Carolina Mills Closing a St. Pauls Plant," The Associated Press, October 4, 2000, and "Carolina Mills Will Close Two

Plants," The Associated Press, August 16, 2001, news articles filed by the wire service and accessed via Lexis-Nexis search.

[17] See the official website of Paraclete Armor on the Internet at *http://www.paracletearmor.com.*

[18] Author's compilation of employment and wage data from the N.C. Department of Commerce's Economic Development Information System, available on the internet at *http://cmedis.commerce.state.nc.us/countyprofiles/#.* Data are for the second quarter of 2004.

[19] Author's compilation of demographic data (see note 2 above).

[20] All data on wages and sector for agriculture, manufacturing and service/retail come from author's compilation and analysis of N.C. Department of Commerce Data for the second quarter of 2004.

[21] Wages are annualized based on a 52-week year. Employment in some sectors like agriculture often is seasonal in nature, meaning that a person may have an annual income considerably less than the estimate stated in the article.

[22] Michael Walden, "Agriculture and Agribusiness in Sampson County," College of Agriculture and Life Sciences, N.C. State University, October 2003, p. 1. On the Internet at *http://www.ag-econ.ncsu.edu/faculty/walden/counties.htm.*

[23] Alfred W. Stuart, "Manufacturing," *The North Carolina Atlas*, note 4 above, p. 178.

[24] Southern Legislative Conference, *The Drive to Move South: The Growing Role of the Automobile Industry in the SLC Economies*, Atlanta, Ga., 2003, pp. 97–102.

[25] Elizabeth Jordan, *The State of Working North Carolina 2004*, The North Carolina Budget and Tax Center, Raleigh, N.C., 2004, p. 14.

[26] MDC, Inc., *The State of the South 2000*, MDC, Inc., Chapel Hill, N.C., 2000, p. 21.

[27] N.C. Employment Security Commission "Ten Largest Firms by County," on the Internet at *http://jobs.esc.state.nc.us/lmi/largest/topten.htm.* Data are as of the third quarter of 2003.

[28] Rah Bickley, "Plants Seen as Relief for County," *The News & Observer,* Raleigh, N.C., January 16, 1999, p. D6.

[29] Author's compilation and analysis of 2002 establishment data from the N.C. Rural Economic Development Center. See *North Carolina Business Data Source Book*, Raleigh, N.C., October 2003.

[30] Figures on number of employees at firms of 100-plus and 19- or fewer firms for Beaufort County were calculated by Center intern Katherine Dunn using 2002 North Carolina Employment Security Commission data.

[31] For more on this issue, see John Manuel, "North Carolina Economic Development Incentives–A Necessary Tool or Messing With the Market?" *North Carolina Insight*, Volume 17, No. 2–3, December 1997, pp. 23–49.

[32] See, for example, Jennifer Washburn.,"Hired Education," *The American Prospect*, Vol. 16, No. 2, February 2005. Available on the Internet at *http://www.prospect.org/web/page.ww?section=root&name=ViewPrint&articleId=9046.*

[33] Richard Florida, *The Rise of the Creative Class*, Basic Books, New York, 2002, paperback edition with updates and revisions published 2004, pp. 68–77.

[34] *Ibid.,* 2004 edition at pp. 360, 362–363.

[35] Author's compilation of demographic data (see note 2 above).

[36] MDC, Inc., note 26 above, p. 46.

[37] N.C. Employment Security Commission, "Fastest Growing Occupations by Percentage Change: Employment Outlook 2000–2010," on the Internet at *http://eslmi12.esc.state.nc.us/projections/EmploymentOutlook.asp?version=aopengp&AreaType=01&Area=000037&PeriodID=05.*

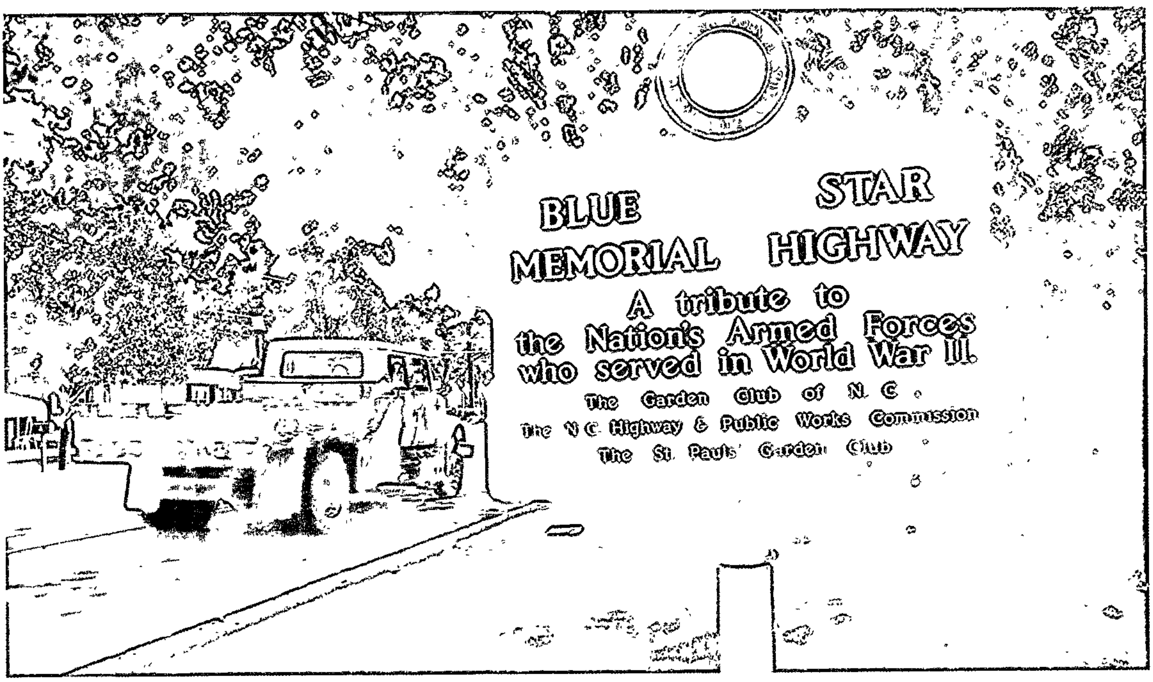
[38] *Ibid.* at *http://eslmi12.esc.state.nc.us/projections/EmploymentOutlook.asp?version=aopengd&AreaType=01&Area=000037&PeriodID=05.*

[39] Heidi Russell Rafferty, "Boots and Bucks," *North Carolina*, N.C. Citizens for Business and Industry, Raleigh, N.C., December 2004, pp. 23–38.

[40] Richard N. Hicks, "All-America City Award Application, Town of Farmville, North Carolina," Farmville, N.C., 2004, p. 5.

[41] Tom Lambeth "Why Eastern North Carolina's Future Matters to the Rest of the State" *North Carolina Insight*, Volume 19, Nos. 3–4, 2001, pp. 3–9.

[42] MDC Inc., *The State of the South 2002*, MDC Inc., Chapel Hill, N.C., 2002, p. 36.



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