



## Services and Trade— Jobs for the Future

**I**n 1985, American Airlines announced it would make Raleigh-Durham Airport its major north-south hub on the east coast; American Express released plans for its new 2,000-person operations center in the Piedmont Triad area; Purolator, the express mail service, decided to expand its operations in Fayetteville; and Royal Insurance Company indicated it would move its 1,200-person operation from New York to Charlotte.

The arrival of such companies as American Express certainly represents a landmark, but the 2,000 employees at the four-story operations center planned for a hillside near the Greensboro airport will have plenty of company in the burgeoning service and trade economy. In 1984, more than twice as many people worked in *nonmanufacturing* jobs in North Carolina as in *manufacturing* jobs—1,731,200 compared to 830,600 (see Table 1). These 1.7 million jobs fall into six major categories, which can be grouped as the “big three” and the “little three.” In 1984, the big three—trade, government, and service—accounted for 53 percent of *all* jobs in the state. (The term “jobs” as used here, and in most articles, excludes the military, farm jobs, and domestic workers.) The little three are: construc-

tion; financial, insurance, and real estate; and transportation, communication, and utilities; these three sectors had 14 percent of all jobs. (The other 33 percent are in the manufacturing sector.)

**Trade.** In 1984, the wholesale and retail trade provided more than one of every five jobs in the state, 549,000 positions. Since 1970, the number of such jobs has jumped 69 percent. While the growth has occurred statewide, metropolitan areas have reaped the most benefits. And no place is thriving more than the state’s largest metropolitan area, Charlotte.

“There are 2,300 wholesale firms in the area with annual sales totaling \$15 billion,” says Tony Crumbley, research director for the Charlotte Chamber of Commerce. “We’re the tenth largest wholesale center in the nation. On a per-capita basis, these wholesale figures ranked Charlotte number one in the country.” The wholesale companies distribute everything from alcohol to zippers. “About half of the foreign wholesale companies are related to the textile industry,” says Crumbley, who emphasized that the textile industry is important to the trade sector.

Meanwhile, retail sales in Charlotte totaled \$6.5 billion in fiscal year 1984. Retail sales include fast-food shops and the fancy steak

---

---

*"The main impact of the computer has been the provision of unlimited jobs for clerks."*

*—The Sayings of Chairman Peter Drucker,  
No. 15.*

---

---

houses, shopping malls and downtown department stores, grocery chains and neighborhood specialty shops. "We're going through an active growth cycle now," explains Crumbley. "We had a stable period from about 1978 until around 1983. But now we're seeing lots of new shopping and retail centers come on." In a December 1985 survey of retail shopping facilities larger than 25,000 square feet, the Charlotte Chamber found 11.1 million square feet in use, with only 2.8 percent of the space empty. In 1985 alone, 1.4 million square feet of retail space came into use, a 14 percent increase in retail space. And Charlotte already served as the corporate headquarters for such retailers as Belk, Ivey's, Pic-N-Pay, Harris Teeter, and Family Dollar Stores.

The growing travel and tourist business reflects a different side of the retail trade boom. Vacationland North Carolina brings jobs to rural areas on the coast and in the mountains. But the seasonal nature of the work is a mixed blessing, not to mention the very low wages—statewide. The hourly production wage for hotel and motel workers ranks at the bottom of all categories, and retail workers aren't much higher. To compare, both are well below the average textile wage (see Table 3).

**Government.** In 1984, federal, state, and local governments provided 16 percent (413,700) of all North Carolina jobs. This sector had major growth spurts in both the 1960s and 1970s, but began to slow in the mid-1980s. During the 1960s, federal government programs increased dramatically, creating new jobs ranging from Head Start teachers to Farmers Home Administration loan officers. The trend continued in the 1970s, with major new programs coming on line, such as the Environmental Protection Agency facility at the Research Triangle Park. By 1984, there were 50,000 federal employees, but upcoming federal budget cuts are likely to cut this number.

Meanwhile, state government expanded sharply in the 1960s and into the 1970s, keeping pace with the population growth and entering such areas as environmental management, job

and technical training, expansion of the university system, and increased health services like Medicaid. In 1984, state government jobs totaled 121,100, but the numbers may not grow much larger. (This figure does not include teachers, who are included in the local government sector even though they are paid primarily with state funds.)

"We're now under an administration that has a different perspective of what the government sector ought to be," says Alice Garland-Swink, research and policy specialist for the State Employees Association of North Carolina. "The Martin administration believes that if there are services that the private sector can provide, that's who ought to be providing them. I don't see the number of state government employees growing by leaps and bounds. As the economy grows, there will be some growth. But it's not going to fill the gap created by industries closing in the state."

By far the largest government employer, though, is local government, with more than 242,000 positions in 1984, including teachers. In the 1970s, local government employment grew rapidly, as counties and municipalities became more active in economic development, the arts, recreation, water and sewer facilities, and social services.

"As the federal government divests itself of responsibilities, you'll see the state and local governments talking more about who ought to be providing what," says Garland-Swink. "I think you'll see increases in jobs first at the local governments and then in state government."

**Service.** In non-technical terms, the word "service" is used to describe the entire nonmanufacturing sector—meaning everything from the services of a bank, realtor, insurance company, department store, grocer, or lawyer. In government measurements of job categories, the service sector includes people who work in motels, amusement and recreation activities, private health-care facilities (from nursing homes to hospitals), private schools and colleges, churches and other membership organizations, repair shops, motion pictures, child care centers, or private museums—just to name *some* of the places. The service sector also includes doctors, lawyers, engineers, and accountants, so long as they are in the private sector. What is driving the rapid growth of this hodgepodge of activities? The answer is demographics. The two most dramatic demographic trends of the era are the odyssey through life of the baby boomers (and their babies) and the graying of America (see "Policy and the Aging: Moving Toward a Crossroads," *North Carolina Insight*, Vol. 8, No. 1, September 1985).



Jack Beits

The baby boomers (now aged 25 to 40, roughly) and the elders (65 and over) have caused the service sector to grow faster than any other in recent years. These two groups have spawned whole new industries, from child care centers to nursing homes. As technology has helped to cure more diseases and prolong life, so has it dramatically boosted employment in health care—home health aides, nurses, and gerontologists. In 25 years, the number of service-sector jobs in North Carolina has more than tripled, from 127,100 in 1960 to 398,200 in 1984.

The "Little Three" (see Table 1). What does a banker in pinstripes have in common with a construction worker in jeans? Or how about a realtor (with a new, in-the-car telephone) and a telephone worker installing fiber-optics technology? All four of these jobs depend upon a growing economy, and they are interrelated. Moreover, they depend upon a strong manufacturing base, showing the interrelationships among the sectors. Banks, for example, now offer individual retirement accounts, ready asset accounts, and certificates of deposit as a regular part of a business that only a few years ago rarely went beyond checking and savings accounts. Meanwhile, the insurance industry has moved from whole and term life to universal life, long-term investment schemes, mortgage life, and other new products.

These new offerings by the finance and insurance industry demand sophisticated staff, more computers, the construction of more office space, more business trips, better communication systems, and overnight mail and package service. Because North Carolina's cities are among the fastest growing areas in the country, the 1985

announcements by American Airlines, American Express, Purolator, and Royal Insurance Company are hardly surprising. Together, the "little three" have almost as many jobs as the service sector, 365,000 compared to 398,000.

The new American Express facility in Greensboro illustrates how these three sectors have fueled the transition economy in North Carolina. The company decided to build its fifth American operations center in North Carolina because of the state's good quality of life, the available work force, and competitive wages, says Ken Croft, public affairs manager for the American Express Payment Systems Division. But this familiar refrain of what North Carolina has to offer wasn't enough.

In early 1985, Southern Bell phased in a new \$4.3 million electronic switching system serving customers in the Greensboro airport area. "What helped put this site ahead (of competing locations) was the telephone switching systems already in place," adds Croft. "We're a major telephone service center, monitoring credit ratings for merchants all over the region. The telephone system made the specific difference."

The state's strong banking industry also serves as a lure for new finance-related companies. Charlotte, long a banking center, now has 11 banks headquartered there with combined assets (including holding companies) totaling more than \$35 billion. This is more than any other city between Dallas and Philadelphia, reports *Business: North Carolina*.<sup>7</sup> NCNB Corporation and First Union, both based in Charlotte, have been among the most aggressive banks in the recent spate of mergers both within North Carolina and across state lines.