



# State of the South 2002: Shadows Revisited

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# The South: Past and Present

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- 1937: “America’s #1 economic problem” – FDR
- 1990s: The nation’s economic engine

# South's Old Economy

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- Natural resources
  - Agriculture
  - Manufacturing
- Cheap labor
- Cheap land
- Low skills

# Old Economy Strategies

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- The buffalo hunt – recruiting branch plants to “feed the village.”
- Competing on price (low wages, low taxes, cheap land) instead of uniqueness (skills, industry clusters).
- Relying on large corporations to provide steady, lifetime jobs.

# South's New Economy

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- Company headquarters, not just plants
- Globalization
  - Lower barriers to trade
  - Foreign direct investment
- Shift from manufacturing
  - To services
  - To knowledge and information
- Technological advances
- Skills – the key to success

# Why the Change?

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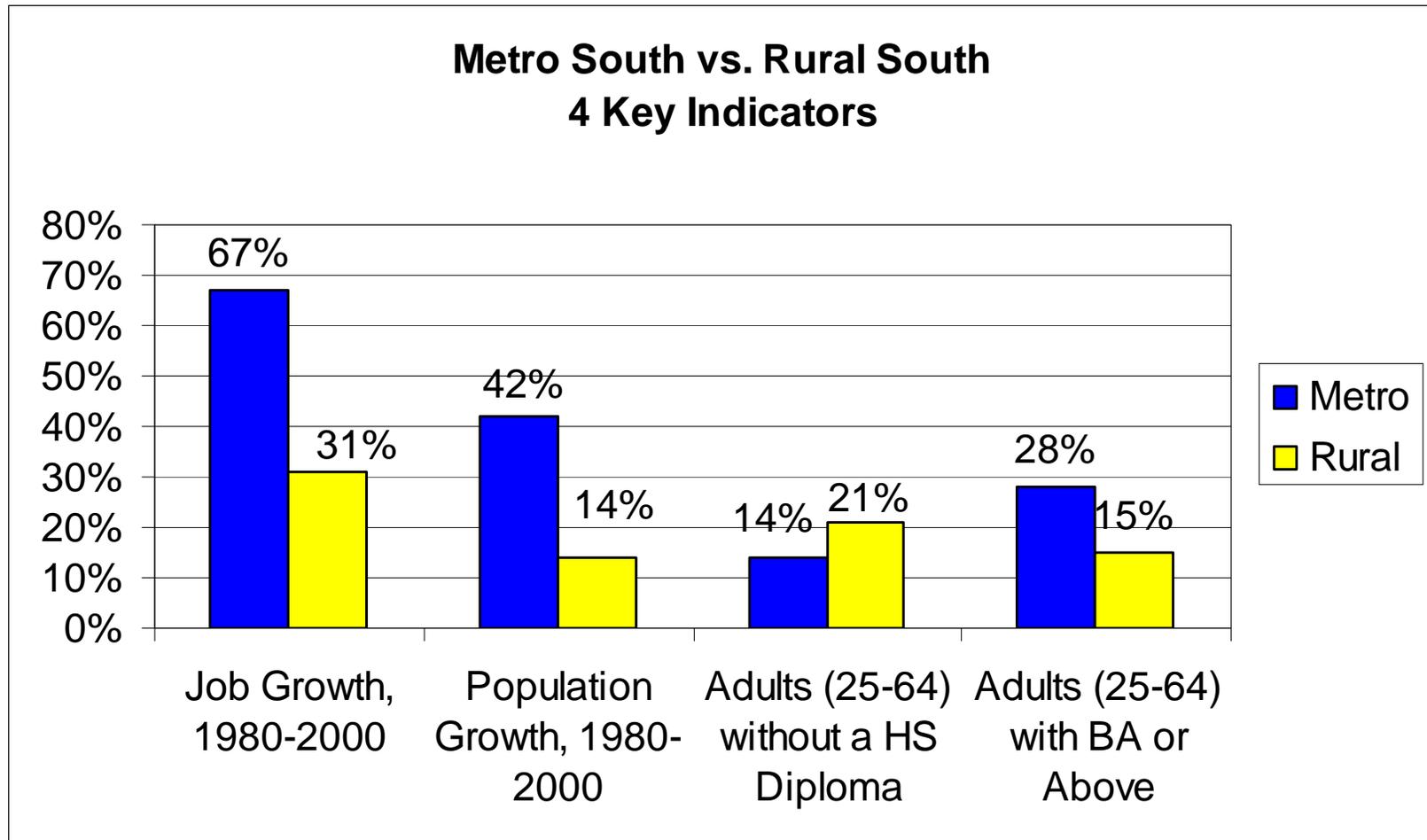
- Investments in education and infrastructure
- Dismantling of Jim Crow
- Air conditioning

# Challenges for the New South

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- Rural-metropolitan divide
- Education gap
- Immigration

# The Rural / Metro Divide

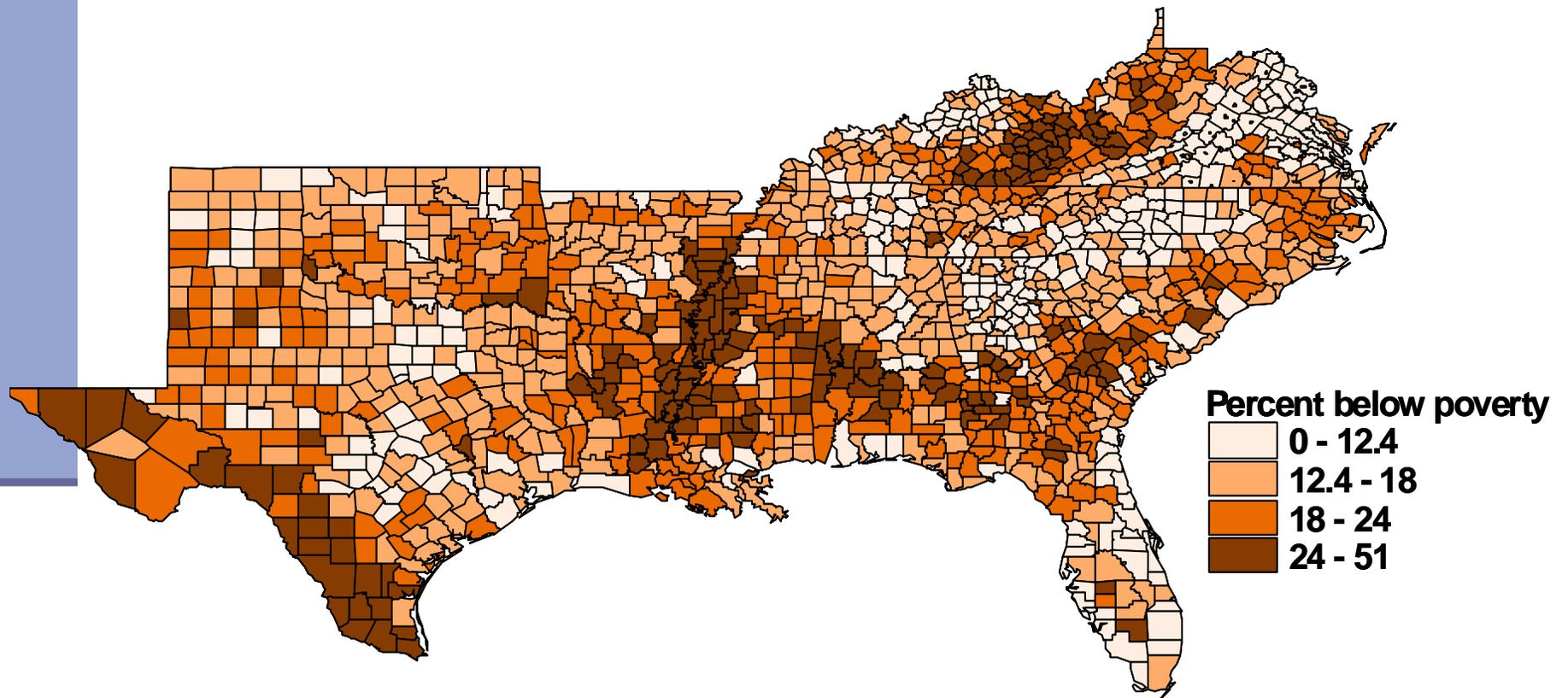


Source: *BES-REIS and CPS (2000)*.

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# Concentrated Rural Poverty

*Percentage of Individuals Below Poverty, 2000*



# The Rural / Rural Divide

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## Two rural Souths:

- Prospering Counties
  - Interstate highways – linkages to metropolitan areas
  - Mountain and coastal counties – tourism, retirement
- Distressed Counties
  - Lack competitive advantages in the New Economy
  - Falling farther behind

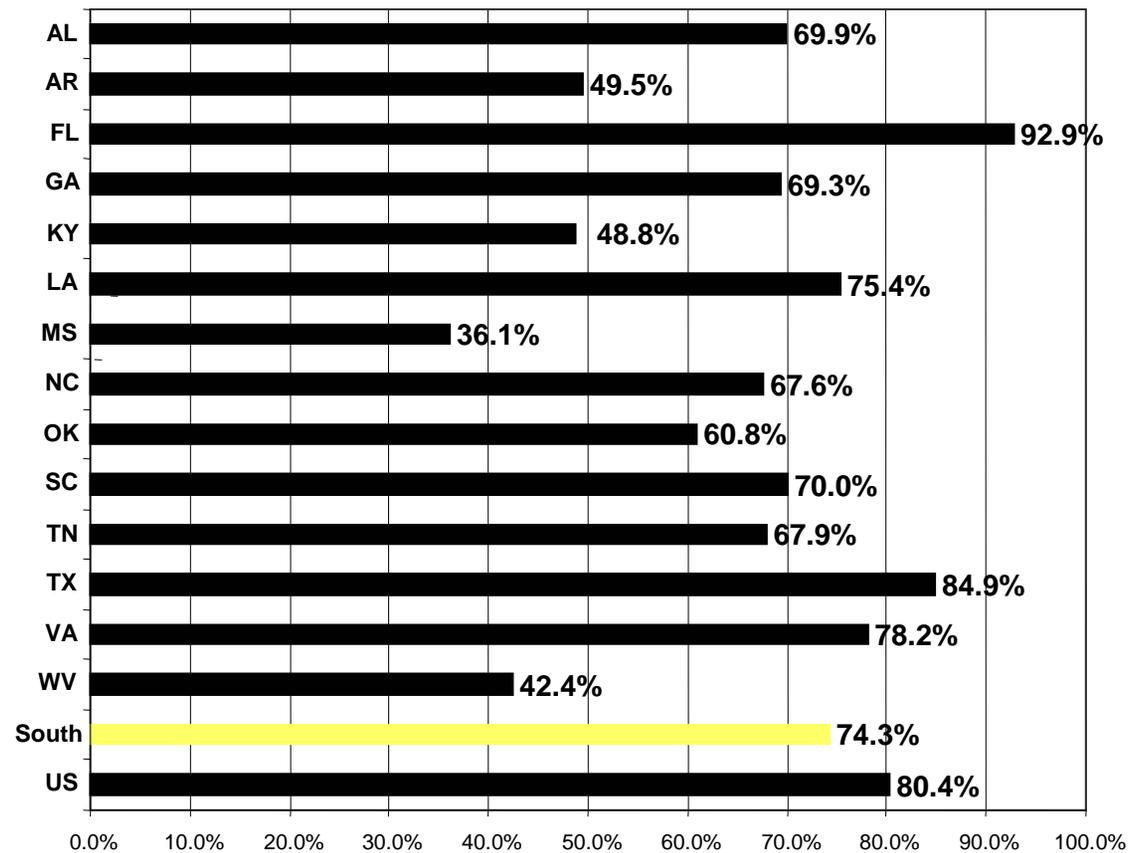
# Metro Areas – The South’s Economic Engines

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- The South’s economy increasingly depends on metropolitan job production
- Rise of “city-states”

# The Extent of Metropolitanization

*Percentage of Total Population Living in Metro Areas, 2000*



# The Metro / Metro Divide

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Two metropolitan Souths, as “city-states” emerge

- Strong magnets
  - Produce New Economy goods and services
  - Powerful economic drivers
  
- Weak magnets
  - Slow transition to New Economy
  - Slow population and job growth

# Growth in Large Southern Metros

<b>Large Metros (Current Pop. 750,001+)</b>	<b>Pop. 1980</b>	<b>Pop. 2000</b>	<b>% Change</b>	<b># of Jobs 1980</b>	<b># of Jobs 2000</b>	<b>% Change</b>
Austin-San Marcos, TX	589,582	1,263,559	114.30%	322,975	857,499	165.50%
Orlando, FL	813,225	1,655,966	103.60%	419,106	1,083,017	158.40%
Raleigh-Durham-Chapel Hill, NC	667,956	1,195,922	79.00%	383,669	852,052	122.10%
West Palm Beach-Boca Raton, FL	585,742	1,136,136	94.00%	295,821	645,965	118.40%
Atlanta, GA	2,247,010	4,144,774	84.50%	1,275,924	2,731,702	114.10%
Tampa-St. Petersburg-Clearwater, FL	1,626,975	2,403,934	47.80%	718,938	1,460,107	103.10%
Dallas, TX	2,070,257	3,541,099	71.00%	1,281,300	2,478,675	93.50%
Fort Worth-Arlington, TX	999,304	1,713,122	71.40%	515,171	994,022	92.90%
Nashville, TN	852,911	1,235,818	44.90%	461,627	887,395	92.20%
Jacksonville, FL	726,005	1,103,911	52.10%	378,240	713,057	88.50%
Fort Lauderdale, FL	1,026,062	1,632,071	59.10%	460,398	847,398	84.10%
Charlotte-Gastonia-Rock Hill, NC-SC	975,994	1,508,050	54.50%	559,848	1,011,176	80.60%

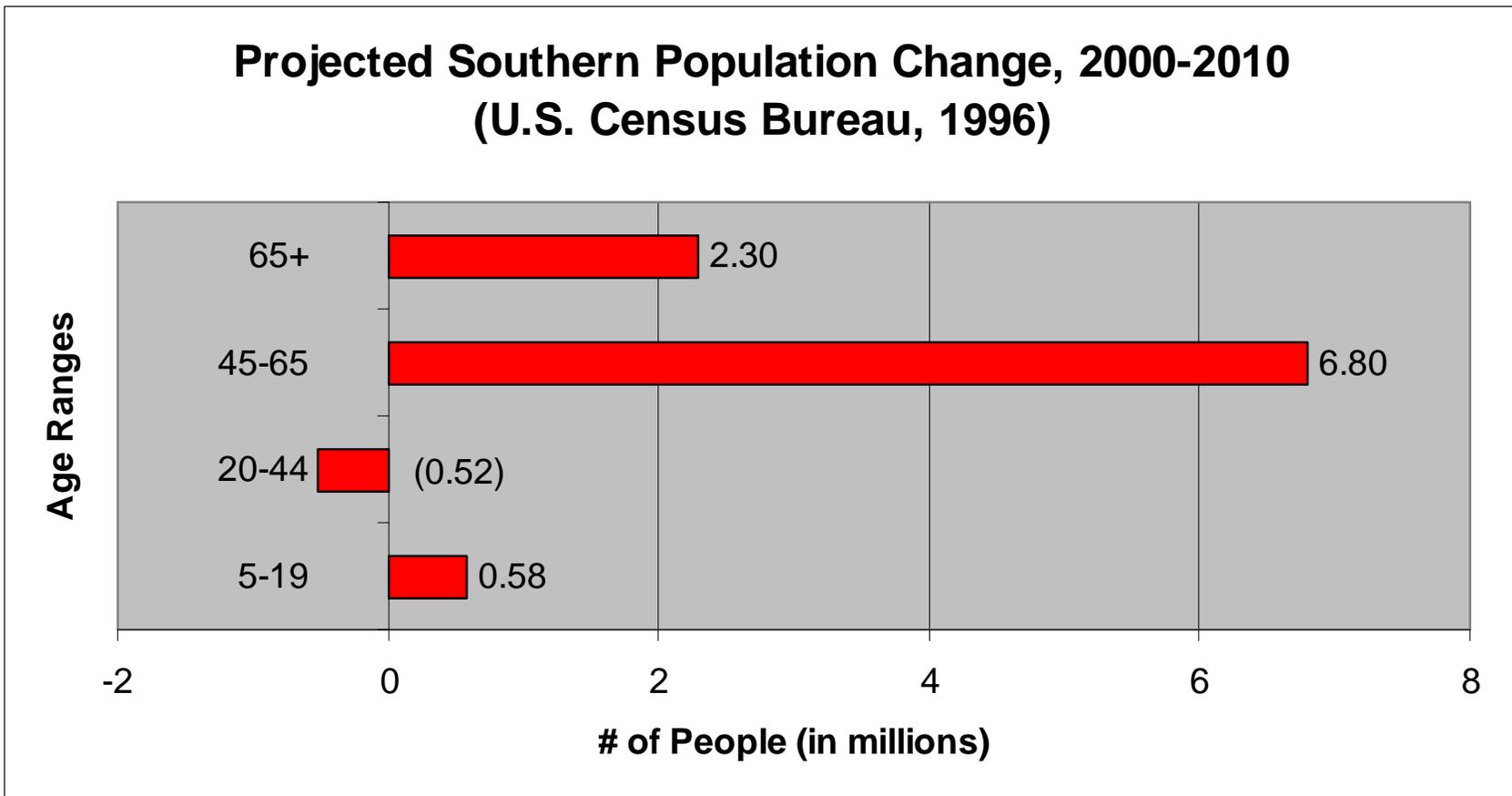
Source: BEA, *Regional Economic Information System*

# Growth in Large Southern Metros

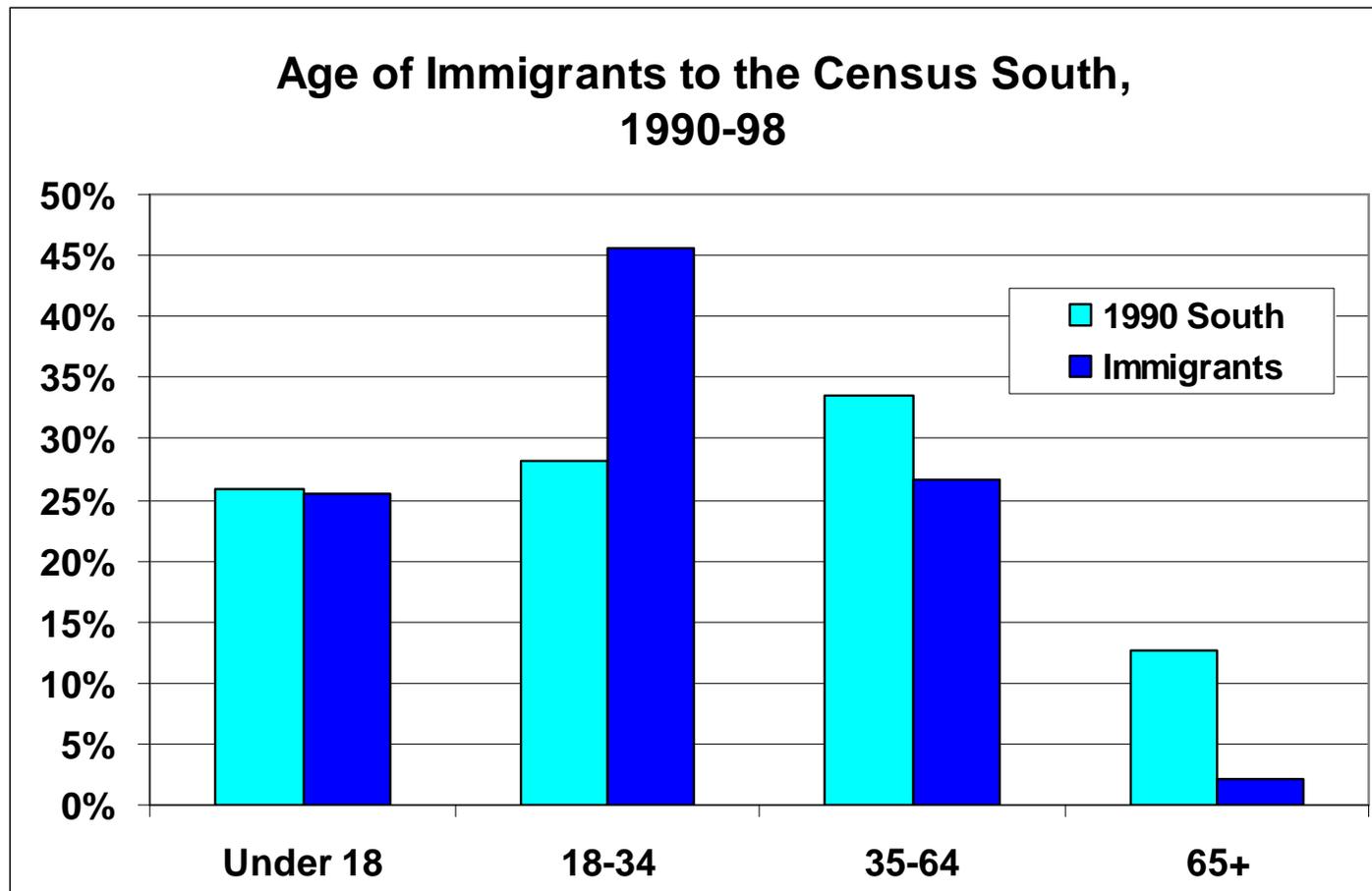
■ *Continued from previous slide...*

Large Metros (Current Pop. 750,001+)	Pop. 1980	Pop. 2000	% Change	# of Jobs 1980	# of Jobs 2000	% Change
San Antonio, TX	1,095,771	1,599,378	46.00%	534,207	944,142	76.70%
Washington, DC-MD-VA-WV	3,494,425	4,948,213	41.60%	2,128,090	3,500,565	64.50%
Houston, TX	2,787,119	4,199,526	50.70%	1,657,556	2,626,859	58.50%
Greensboro-Winston Salem-High Point, NC	953,596	1,255,125	31.60%	535,631	821,386	53.30%
<b>United States - All Metro Areas</b>	<b>227,224,719</b>	<b>282,124,631</b>	<b>24.16%</b>	<b>92,636,365</b>	<b>138,568,494</b>	<b>49.58%</b>
Greenville-Spartanburg-Anderson, SC	747,634	965,407	29.10%	394,029	601,966	52.80%
Memphis, TN-AR-MS	938,393	1,138,484	21.30%	494,300	736,364	49.00%
Richmond-Petersburg, VA	763,564	999,325	30.90%	459,097	676,912	47.40%
Norfolk-Virginia Beach-Newport News, VA-NC	1,207,766	1,574,204	30.30%	654,765	962,184	47.00%
Birmingham, AL	815,684	922,820	13.10%	404,846	581,169	43.60%
Louisville, KY-IN	953,944	1,027,058	7.70%	487,127	690,183	41.70%
Miami, FL	1,643,132	2,265,208	37.90%	909,881	1,271,031	39.70%
Oklahoma City, OK	866,448	1,085,282	25.30%	511,747	705,077	37.80%
New Orleans, LA	1,308,411	1,337,171	2.20%	680,300	780,665	14.80%

# The South's Aging Population



# Immigrants Keeping the South Younger

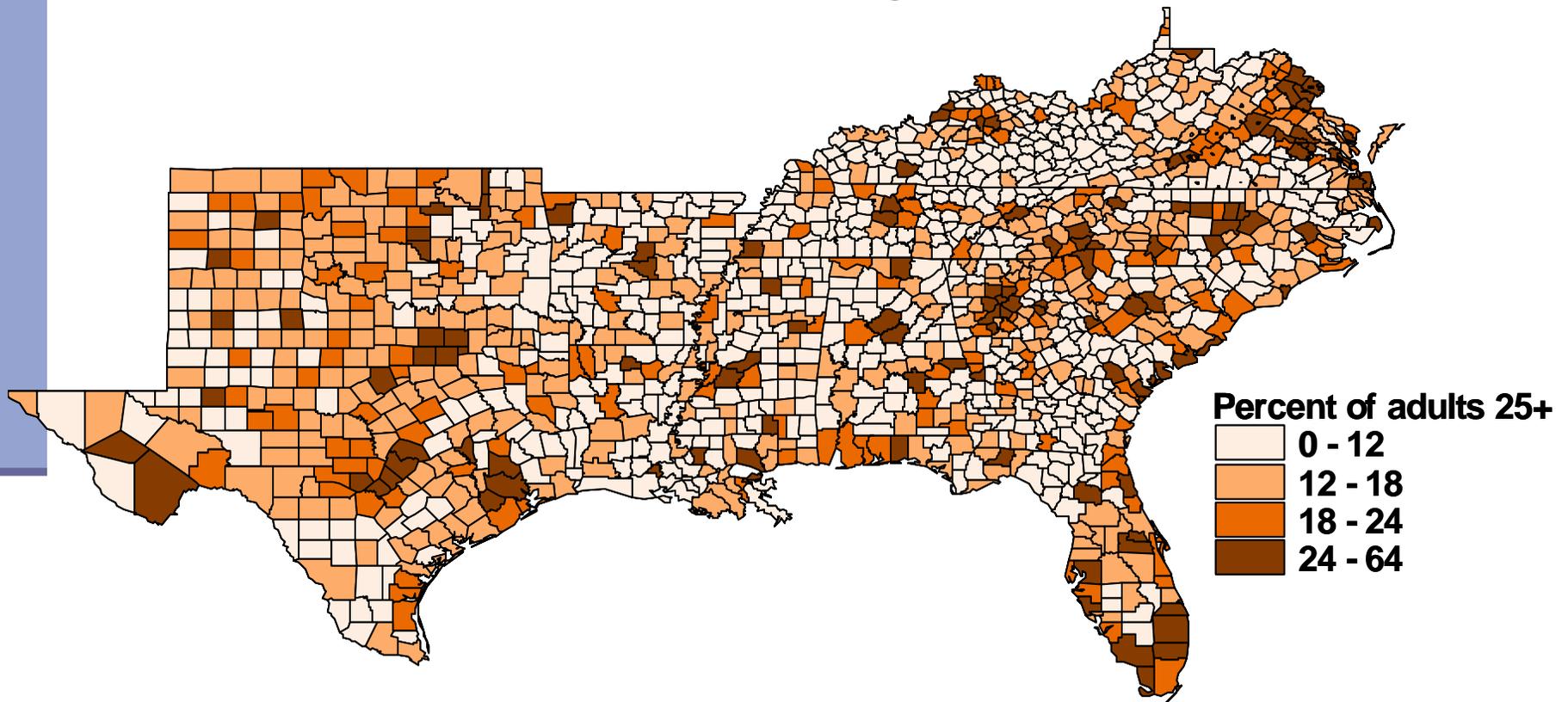


Source: *Current Population Survey, March 1995, 96, 97, and 98, (William Frey) and 1990 U.S. Census*

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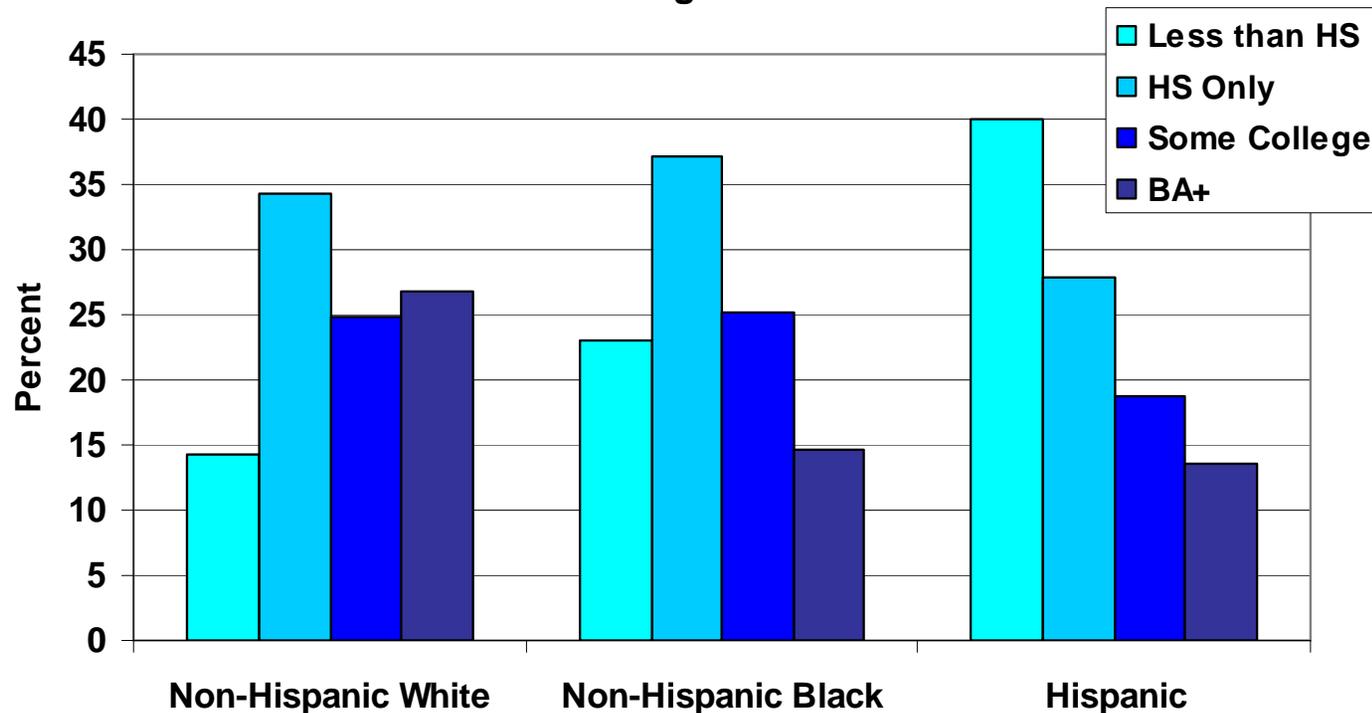
# Education: The Rural / Metro Gap

*Percentage of Adults Aged 25+ with a Bachelor's, Graduate, or Professional Degree, 2000*



# Low College Attainment for Blacks and Latinos

Educational Attainment by Race/Ethnicity, Census South, 2000, Ages 25+



Source: Current Population Survey, March 2000

# New Economy Demands Broader Approach to Development

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- Business Development
- Workforce Development
- Physical Infrastructure
- Social Infrastructure
- Cultural and Environmental Stewardship
- Civic Infrastructure

*(See “Building Blocks” at [www.mdcinc.org](http://www.mdcinc.org).)*

# Refocus Economic Development

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- Refocus state agencies responsible for economic development to pursue a broader, more strategic approach
- State governments should not measure success simply by the number of new jobs, but also in terms of higher incomes for people and improved competitiveness of regions within the states

# Limit Incentives

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- Tighten performance criteria for industrial incentives
- Encourage associations of Southern governors and legislators to reexamine one-dimensional recruitment strategy
- Adopt a comprehensive economic development strategy

# Modernize Tax Systems

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- Modernize tax systems so that states have the fiscal capacity to provide:
  - Excellent education
  - Widely accessible job training
  - Necessary infrastructure
  - Community amenities that enrich the soil for economic advancement

# Metropolitan-Focused Policies

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- Develop a set of metropolitan-focused policies that:
  - Assure sustained economic improvements
  - Better quality-of-life improvements the burgeoning metro areas that drive growth

# Rural Regionalism

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- Forge regional collaborations
- Preferential option for hubs
- Link rural areas to metropolitan areas

# Use Universities and Community Colleges as Catalysts for Change

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- Draw on the power of the South's universities and community colleges to act as catalysts for state and regional economic advancement
- Aggressively support universities, community colleges, and nonprofits to prepare public officials to address the region's tough challenges

# Investments in Education

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- Dramatically expand efforts to erase serious deficits along the entire education continuum
- Bolster the education, health, and well being of children from birth to five-years-old as a prelude to greater achievement

# The Role of Education

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“Discrimination is not limited to race. The line that separates the well-educated from the poorly educated is the harshest fault line of all. This is where we must begin. We must get the message out to every household and especially every poor household that the only road out of poverty runs by the schoolhouse.”

~ *William F. Winter*  
*Former Governor of Mississippi*

# Demographic Challenges to Education

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- How can Southern schools meet the challenges of an increasingly multi-ethnic region?
- How can the South respond to the impending massive retirement of teachers and principals, as the baby boomers begin to leave the workforce?

# Inequality Challenges to Education

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- Schools and inequality:
  - To what extent do they widen the gaps?
  - To what extent do they narrow the gaps?

# Structural Challenges to Education

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- How well are schools in the South aligned with the new economy?
- How close is the South to a "seamless system," with smooth pathways from middle school to high school to college and career?

# For More Information

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