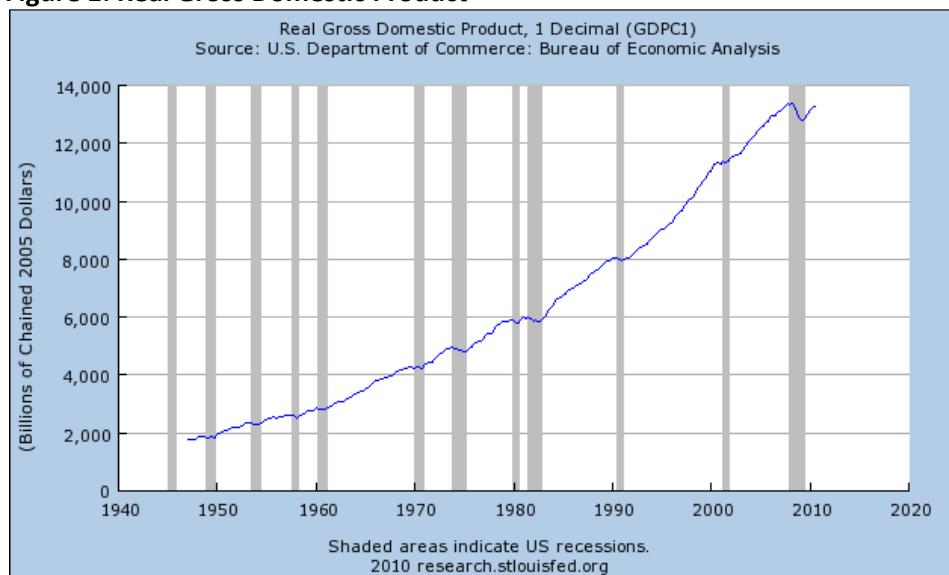


Robeson County: Current Economic Picture

The US Economy

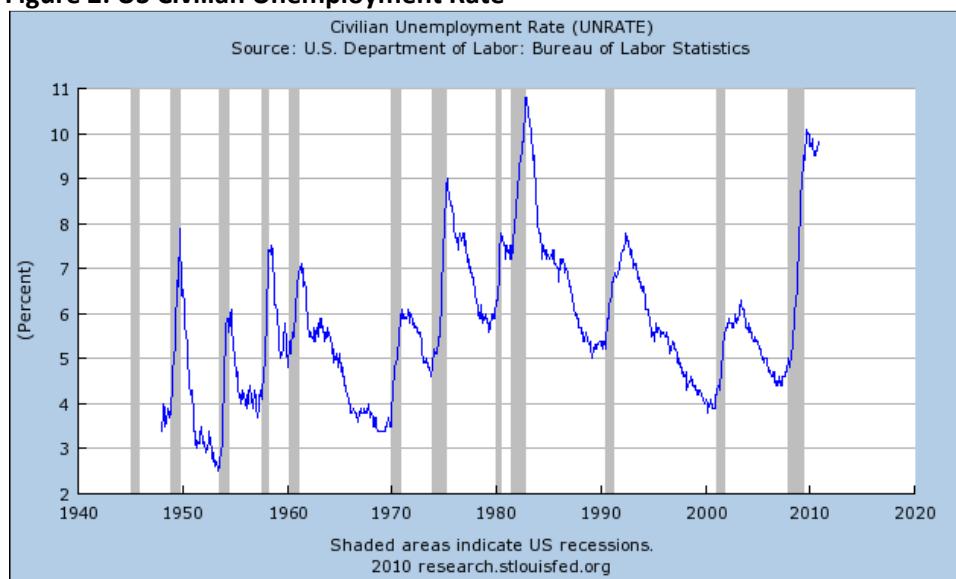
The US economy seems to be growing. However, the pace of the growth is less than desirable. As far as the level of overall output as measured by gross domestic product (GDP) is concerned, we are almost at the pre-recession levels. According to the data the 3rd quarter GDP in 2007 was \$13363.5 billion. The GDP figures for the 3rd quarter of 2010 were \$13278.5 billion. Both figures are corrected for inflation. See Figure 1.*

Figure 1: Real Gross Domestic Product



According to the data released by the United States Department of Labor, during the week ending on December 25, 2010, jobless claims, the number of people applying for unemployment benefits, fell to 388,000, a decrease 34,000 from the previous week. (<http://www.dol.gov/opa/media/press/eta/ui/eta20101787.htm>). This is the lowest level since July 2008. However, unemployment rate remains painfully high. At the time of this writing the latest figures indicate that the overall civilian unemployment rate was 9.8 percent in November 2010. See Figure 2. We will find out if the unemployment rate fell on January 7, 2011 when the latest data are released.

* Source of Figures 1 through 12 in this document is <http://stlouisfed.org/>

Figure 2: US Civilian Unemployment Rate

The social implications of this economic crisis are numerous. For instance, the December 2010 survey report released by the office of the United States Conference of Mayors indicated an increased need for emergency food assistance and shelter. The executive summary listed the following key findings.

Hunger

- Every city surveyed reported that requests for emergency food assistance increased over the past year, and those requests increased by an average of 24 percent across the cities.
- Among those requesting emergency food assistance, 56 percent were persons in families, 30 percent were employed, 19 percent were elderly, and 17 percent were homeless.
- Unemployment led the list of causes of hunger cited by the survey cities, followed by high housing costs, low wages, poverty, and lack of access to SNAP/food stamps.
- The cities reported a 17 percent average increase in the number of pounds of food distributed during the last year. All but one of the cities saw an increase in the number of pounds of food distributed; in that one city, it remained the same. Nearly three in four (74 percent) of the cities reported that their total budget for emergency food purchases increased over the last year; four cities said it decreased; two said it remained the same. Across the responding cities, the average increase in the budget for emergency food purchases was 18.5 percent.
- Increasing SNAP benefits and providing more affordable housing led the city officials' list of actions needed to reduce hunger. These were followed by employment training programs and utility assistance programs.
- All but one of the cities expect requests for emergency food assistance to increase over the next year, with that increase expected to be moderate in 69 percent of the survey cities and substantial in 27 percent. One city expects requests to remain at the same level.
- Fifty-six percent of the cities expect resources to provide emergency food assistance will decrease moderately over the next year; eight percent expect them to decrease substantially; 32 percent expect them to continue at about the same level. One city expects a moderate increase in these resources.
- Increasing demand and decreasing resources, particularly relating to federal and state budget problems, were cited most frequently by the cities as the biggest challenge to addressing hunger in their areas in the coming year.

Homelessness

- Over the past year, the number of persons experiencing homelessness increased across the survey cities by an average of two percent, with 52 percent of the cities reporting an increase, 36 percent reporting a decrease, and three cities saying it stayed the same.
- Among families, the number experiencing homelessness increased across the survey cities by an average of nine percent, with 58 percent reporting an increase, 21 percent reporting a decrease, and 21 percent saying it stayed the same.
- Among unaccompanied individuals, the number experiencing homelessness over the past year increased across the survey cities by an average of 2.5 percent, with 44 percent reporting an increase, 39 percent reporting a decrease, and 17 percent saying it stayed the same.
- Among households with children, unemployment led the list of causes for homelessness cited by city officials. It was followed by lack of affordable housing, poverty, low-paying jobs, and domestic violence. Lack of affordable housing led the list of causes of homelessness among unaccompanied individuals, followed by mental illness and the lack of needed services, substance abuse and the lack of needed services, and poverty.
- The cities reported that, on average, 24 percent of homeless adults are severely mentally ill, 20 percent are physically disabled, 19 percent are employed, 14 percent are victims of domestic violence, 14 percent are also veterans, and three percent are HIV Positive.
- Across the survey cities, an average of 27 percent of homeless persons needing assistance over the last year did not receive it. Because no beds are available for them, emergency shelters in 64 percent of the survey cities must turn away families with children experiencing homelessness; shelters in 68 percent of the cities must turn away unaccompanied individuals.
- More than seven in 10 (71 percent) of the survey cities have adopted policies and/or implemented programs aimed at preventing homelessness among households that have lost, or may lose, their homes to foreclosure.
- Providing more mainstream assisted housing led the list of actions needed to reduce homelessness in the survey cities. This was followed by providing more permanent supportive housing for people with disabilities, and having more or better-paying employment opportunities.
- Officials in 72 percent of the survey cities expect the number of homeless families to increase over the next year; those in 28 percent expect it to continue at about the same level; one city expects a moderate decrease. Officials in 77 percent of the cities expect the number of homeless unaccompanied individuals to increase over the next year; those in 19 percent expect it to continue at about the same level; one city expects a moderate decrease.
- Officials in 48 percent of the survey cities expect resources to provide emergency shelter to decrease over the next year; those in another 48 percent expect resources to continue at about the same level; one city expects a moderate increase.

(Source: <http://www.usmayors.org/pressreleases/uploads/2010HungerHomelessnessReportfinalDec212010.pdf>)

Other economic indicators do not offer much hope either, at least not for the near future. For instance, total industry and manufacturing capacity utilizations, measures of the extent to which firms are using their machines, equipment, and buildings, remain well below historical standards. Figures 3 and 4 show capacity utilization for the total industry and manufacturing sector, respectively.

Figure 3: Capacity Utilization (Total Industry)

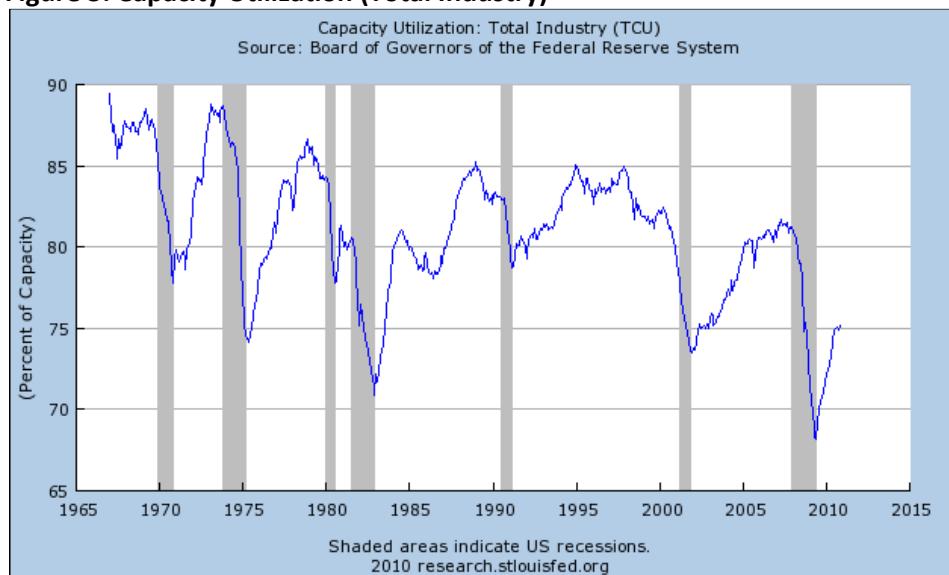
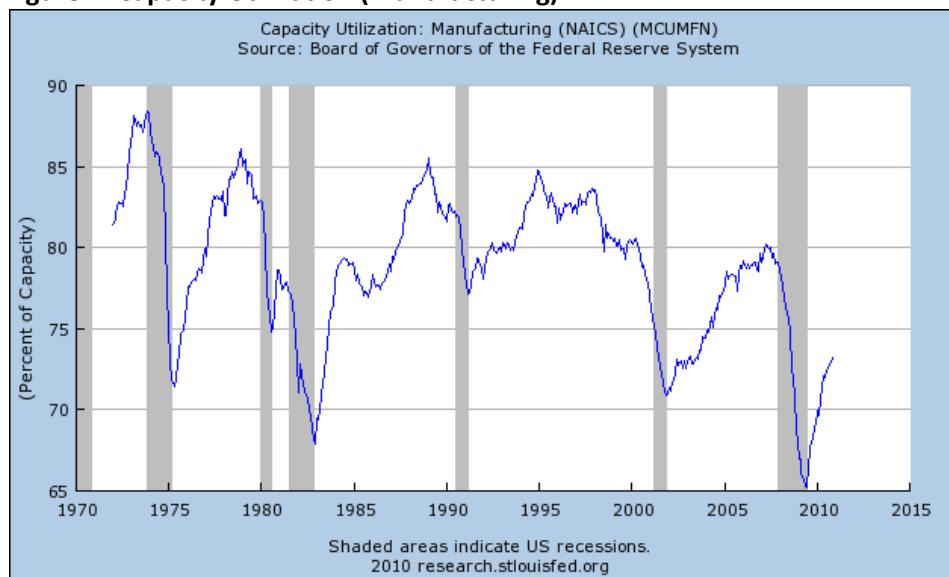
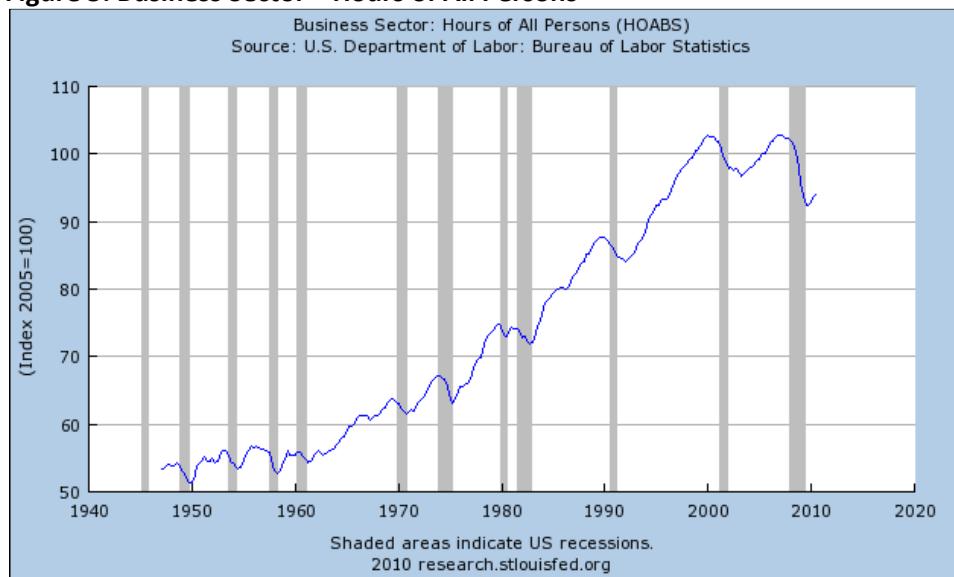


Figure 4: Capacity Utilization (Manufacturing)



On the employment frontier, data show that firms, as opposed to hiring, are relying on existing workers to work more hours. Number of hours, however, are still below the pre-recession levels. See Figure 5.

Figure 5: Business Sector—Hours of All Persons

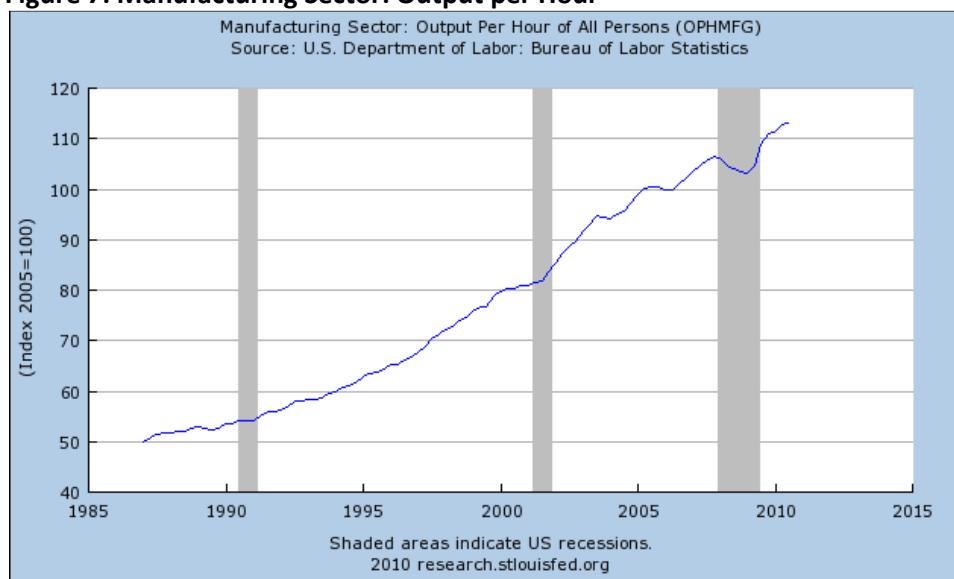


This means that the output per hour is increasing. See Figures 6 and 7 for output per hour in business sector and manufacturing sector, respectively.

Figure 6: Business Sector—Output per Hours All Persons



Figure 7: Manufacturing Sector: Output per Hour



Because of the slack in the labor market conditions, the real compensation (compensation adjusted for inflation) per hour has not kept up its pace with productivity (output per hour). This is more apparent in the manufacturing sector. See Figures 8 and 9 for business sector and manufacturing sector, respectively.

Figure 8: Business Sector—Real Compensation per Hour

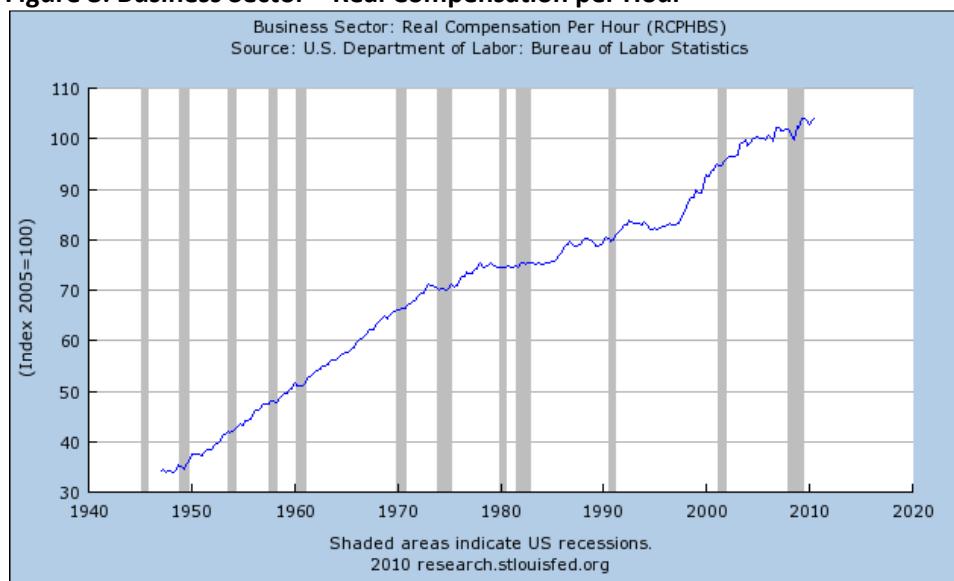
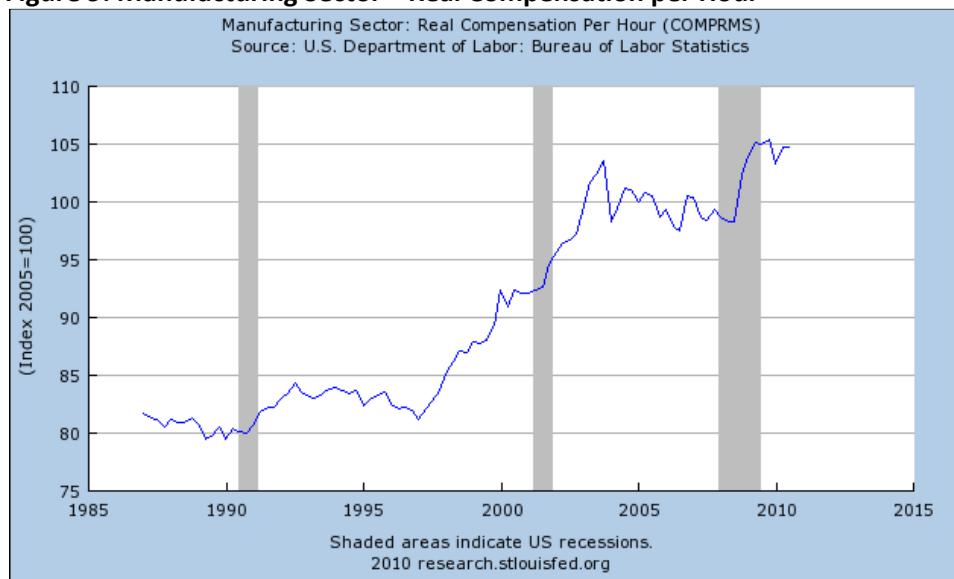


Figure 9: Manufacturing Sector—Real Compensation per Hour



Note that these facts translate into lower cost of labor per unit of labor and increased corporate profits. Indeed, corporate profits have surpassed the pre-recession levels. See Figures 10 and 11 for per unit labor costs and corporate profits, respectively.

Figure 10: Manufacturing Sector—Unit Labor Cost

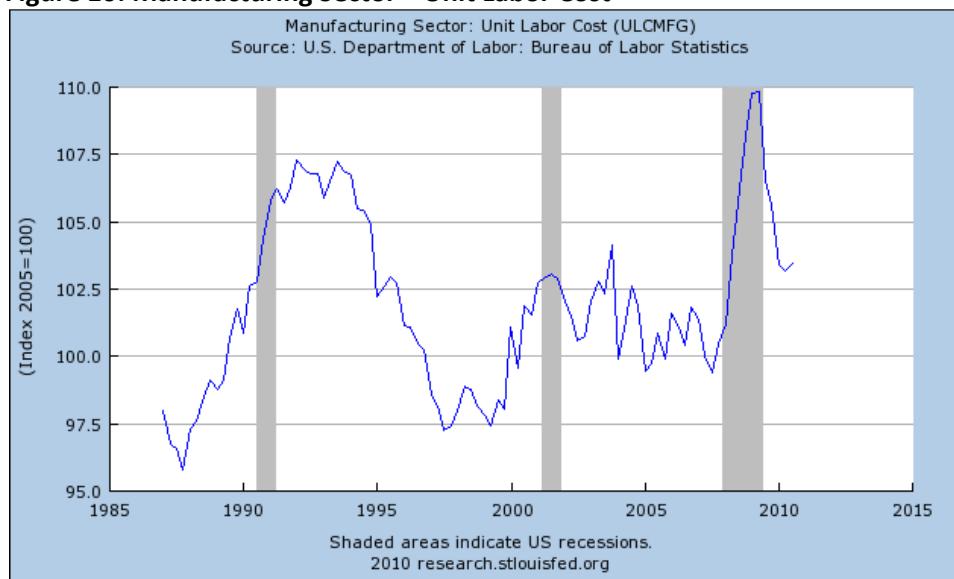
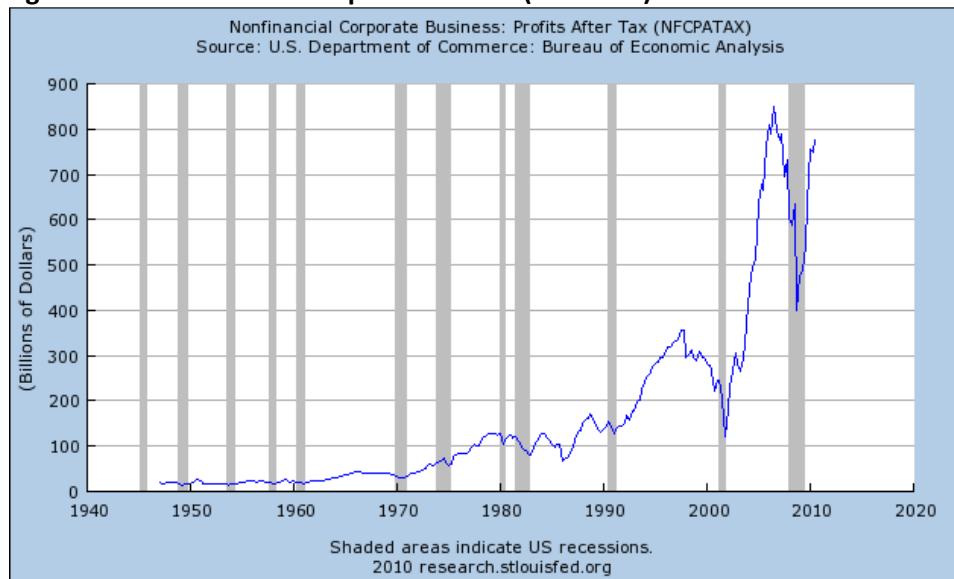


Figure 11: Corporate Profits (After Tax)



However, while corporate profits have increased in both financial and non-financial business sectors, the profits for non-financial business sector have not reached pre-recession levels. That is, the largest beneficiary of the end of recession has been the financial sector. See Figure 12.

Figure 12: Non-Financial Corporate Profits (After Tax)



North Carolina

The trends in North Carolina have been similar to the national trends. While our unemployment rate has been decreasing lately, it has been the result of workers giving up looking for work. That is, they are dropping out of the labor force. Figures 13 through 16 present various data graphically.

Figure 13: North Carolina Unemployment Rate



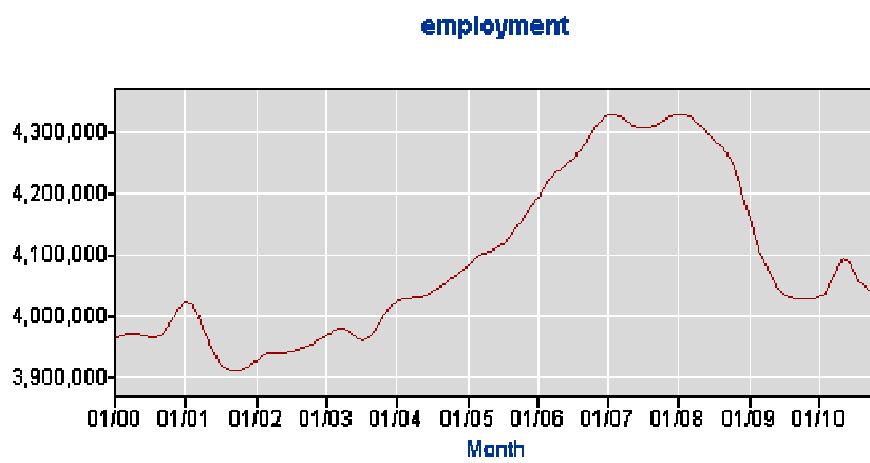
Source: www.bls.gov

Figure 14: North Carolina Labor Force Level



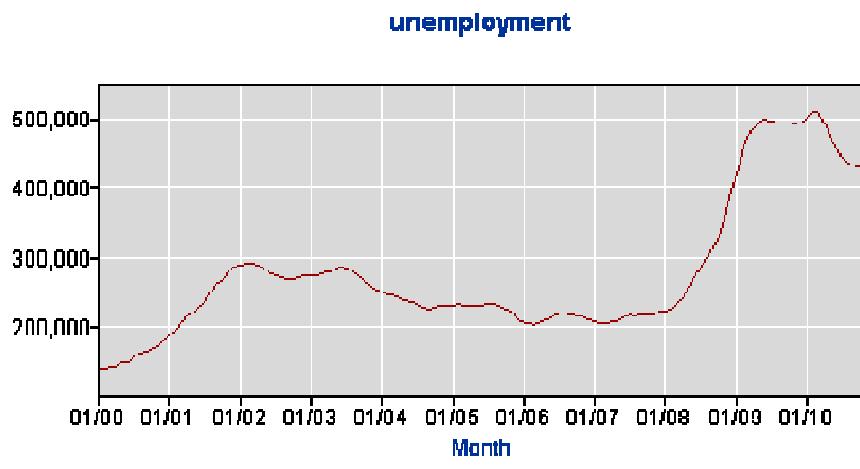
Source: www.bls.gov

Figure 15: North Carolina Employment Level



Source: www.bls.gov

Figure 16: North Carolina Unemployment Level

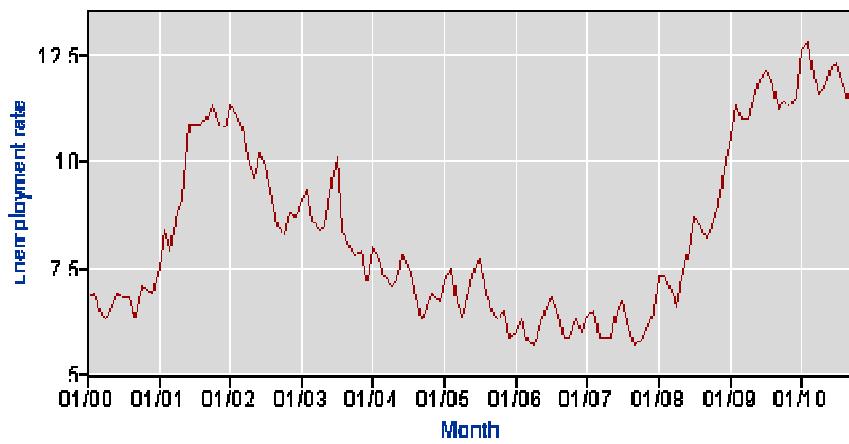


Source: www.bls.gov

Robeson County

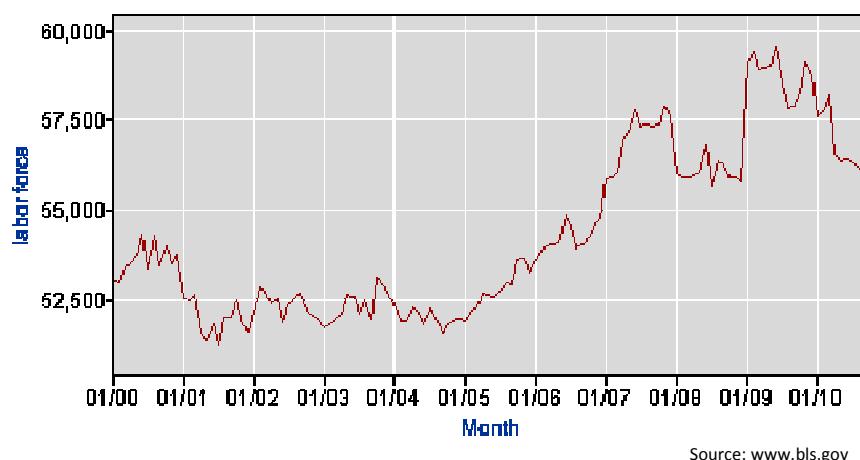
Data for Robeson County present similar pictures as the US and the North Carolina data. Figures 17 through 20 present unemployment rate, labor force level, employment level, and unemployment level, respectively. The source of these data and diagrams is www.bls.gov.

Figure 17: Robeson County Unemployment Rate



Source: www.bls.gov

Figure 18: Robeson County Labor Force Level



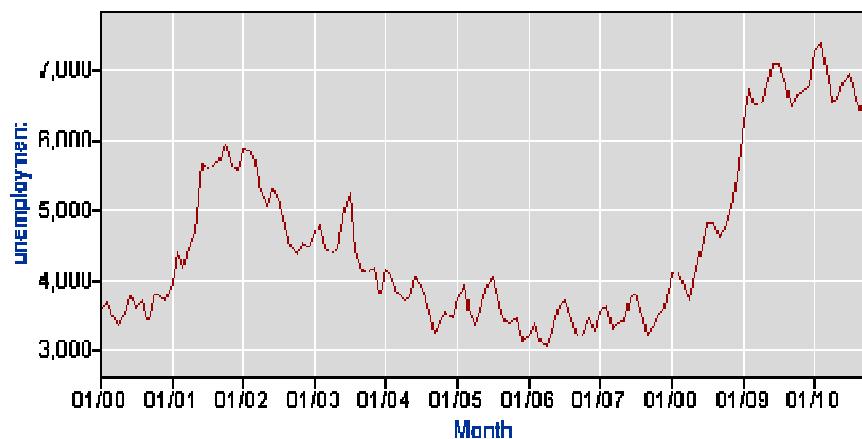
Source: www.bls.gov

Figure 19: Robeson County Employment Level



Source: www.bls.gov

Figure 20: Robeson County Unemployment Level



Source: www.bls.gov

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