

Rural Unemployment Persists

- ▶ Declines in urban high tech and rural traditional manufacturing have led to a rapid increase in the state's unemployment rate, making North Carolina's ranking 5th worst in the country for 2002.
- ▶ The state's unemployment rate, currently 6.6 percent, is higher than the national rate. The state's rate has been equal to or higher than the national rate since September 2000.
- ▶ The unemployment rate in rural counties remains high. In May 2003 rural North Carolina had an unemployment rate of 6.7 percent compared to its highest level of 8.0 percent in January 2002.
- ▶ There were 132,269 rural North Carolinians unemployed in May 2003.
- ▶ Six North Carolina counties have unemployment rates of 10 percent or greater. They are all rural.
- ▶ In May 2003, Vance County had the highest unemployment rate in North Carolina at 12.8 percent, more than double the state's current rate.
- ▶ There were 81,551 initial claims for unemployment insurance filed in May 2003, a 38 percent increase from May 2002.

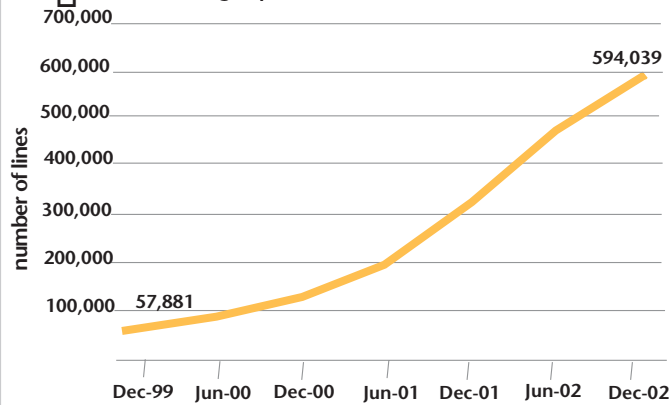
Rural Jobs Scarce, Low-Paying

- ▶ Job creation has not made up for the tremendous number of jobs lost since the start of the steady decline in 2000.
 - Annual total employment in North Carolina decreased by 91,100 jobs from 2000 through 2002.
 - Employment in the service sectors has increased by 34,100 jobs, but this has not offset the 125,200 jobs lost in the goods producing sectors.
- ▶ A recent study by the Corporation for Enterprise Development and the N. C. Justice and Community Development Center shows the difficulty of finding a new job, particularly in rural areas.
 - In 2001 only 64 percent of displaced workers were able to find employment within six months of being laid off.
 - The average wage of displaced manufacturing workers who found a new job dropped by almost 50 percent from \$26,300 to \$14,140.
- ▶ As layoffs continue and the unemployed struggle to find new jobs, significant increases in long-term unemployment and loss of benefits have occurred.
 - An estimated 42,200 people in North Carolina have exhausted all their unemployment benefits without finding a new job.

FOCUS on Technology

Subscriptions to High-speed Internet Service Soar

Number of High-speed Lines Purchased in North Carolina



Developments in technology provide hope for a better future

- ▶ Rural businesses are using the Internet more often, signaling the recognition of opportunities to enhance their businesses' productivity by focusing on work-related activities, among which are customer service, communications with suppliers, and market research.
 - A recent survey of North Carolina businesses found that 83 percent of computer users in the most rural counties, those without a population center of 10,000 people, are connected to the Internet.
 - Only 79 percent of urban businesses with computers were connected to the Internet.
- ▶ More people and businesses are using the Internet. There has been 10-fold increase in the number of subscribers to high-speed Internet service since December 1999.
- ▶ Increased Internet usage is also a result of learning more about new technology.
 - 140 public Internet access centers have been developed in rural North Carolina since mid-2002.
 - More than 240,000 rural citizens have received training on how to use computers and/or the Internet at these sites.

Is Economic Recovery in sight?

The United States economy appears to be at an important crossroads. Recent economic indicators have included both positive and negative signs. The possibility of another downturn seems to be as likely as recovery. However, even if the country's economy begins to see improvement, the North Carolina economy will take longer to recover because of the significant structural change in our economy.

Based on its analysis of available data, the Rural Center continues to project limited recovery in rural areas in 2003 with continuing high unemployment. The center forecasts weak improvement due to the convergence of the following forces:

- ▶ National output of goods and services (gross domestic product) increased by 6.6 percent, \$660 billion, from the first quarter of 2001 to the first quarter of 2003. However, during that same period, national employment fell by 2.4 million, a decrease of 1.7 percent, suggesting a weak and jobless recovery.
- ▶ Concern about international issues and terrorism will continue to depress business spending and hiring. We expect that firms will try to increase output without adding workers and without significant investments in new plants and equipment.
- ▶ U.S. and global trade policies have placed U.S. products such as textiles, apparel, furniture, and electronics at a disadvantage. Federal data show that rural North Carolina is one of the most dramatically affected areas from these policies. North Carolina manufacturers, especially those in textiles and furniture, have stated that shipments and new orders continue to decrease. As a result they are continuing to cut payrolls and have not increased capital spending.

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Sources: N.C. Employment Security Commission, U.S. Bureau of Labor Statistics, Center on Budget and Policy Priorities, Corporation for Enterprise Development, N.C. Justice and Community Development Center, Rural Internet Access Authority, Appalachian State University, Federal Communications Commission, Federal Reserve Bank, U.S. Bureau of Economic Analysis