



State economy is strong, and Republicans still deserve the credit

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The Republicans have enjoyed majorities in both bodies of the General Assembly for nearly seven years now, and pretty soon Phil Berger and Tim Moore will be asking for two more. This is an appropriate time to assess their performance on the economy. Even under the Perdue and Cooper governorships, policy outputs were shaped greatly by House and Senate Republicans, and they have been in the majority long enough that they must hold considerable responsibility for the state's well-being.

Of course, the country as a whole has recovered, albeit painfully slowly, from the financial crisis and deep recession of 2008-09. We are bound to be better off than we were when the GOP captured the General Assembly in the 2010 elections. The key is to compare North Carolina to other states.

In this regard we're doing pretty well, at least according to the most important economic indicators. In every year since 2011, with the exception of 2014, the state's gross domestic product has increased at a rate higher than the country and the average of our Southeastern peers. For nearly the entire period we've been just outside the national top 10.

North Carolina's economy has expanded steadily. Its average annual growth has been 1.9 percent, and it has never been below 1.4 percent or above 2.7 percent. We've avoided the boom-and-bust cycles that have afflicted states that bettered us at the beginning of the period — particularly energy producers like Texas, Wyoming, and the Dakotas — and that are beating us today, principally Western states that were embroiled in the recession for a lot longer. To be fair, the state's rankings are similar to those achieved in the 1990s and early 2000s. But it's important to note that under the Democrats in 2007-10 the state's GDP growth was, when compared to national and regional benchmarks, considerably worse than it has been since.

The performance looks even better when we examine unemployment. In 2011, only four states had a larger proportion of their workforce out of a job. Today we are ranked 26th. Migration into the state is also strong, demonstrating the desirability of North Carolina as a place to live. From 2010 to 2016 we moved up one place, from 12th to 11th, in the ranking of states by net migration per 1,000 residents. In fact, we are growing more rapidly than before. In 2012 the state gained 5.6 residents per thousand inhabitants from the previous year; in 2016 the figure was 7.9.

Despite cries to the contrary, North Carolina hasn't become materially more unequal, at least compared to other states. In 2010 the state was tied for 15th by income inequality as measured by

its Gini coefficient, a statistic of dispersion regularly used to measure income distribution. We were in the same spot in 2016, still slightly below the national figure. The reason North Carolina's rank can be so high yet remain under the benchmark is that most of the top states, California, Connecticut, Illinois, Massachusetts, New York — all of these are blue incidentally — exhibit extreme inequality.

Economic policy surely has much to do with this. Over the past seven years the state has undergone a process of deregulation and fiscal disciplining that has provided solid foundations for sustainable ascent through national rankings. We moved up four places in the Cato Institute's "economic freedom" index between 2010 and 2014 — the most recent year for which data are available — although we are still just 24th. In the Mercatus Center's ratings on fiscal and regulatory policy, North Carolina has improved dramatically on measures such as short- and long-term solvency. Over the period We have moved from 21st to second in the American Legislative Exchange Council's "Economic Outlook Rank."

Not that you would know from reading the papers and watching TV. Still, blaming the media for the lack of attention to the state's strong economic performance over the past seven years only goes so far. Focus has frequently been deflected from the economy by legislators themselves. House Bill 2, in particular, hurt the GOP's agenda. Most of the states' voters were ambivalent about the bill, but as soon as they perceived it had negative economic consequences and the business community began to speak out against it, public support fell away.

Redistricting and the legislature's efforts to control the judiciary, executive agencies, and appointments to commissions seem nakedly self-interested — Public Policy Polling, for example, has found voters believe actions such as cutting the Justice Department's budget are blatantly partisan. Legislation exerting state control over matters such as municipal elections, infrastructure, and development policies confuse many who believe conservatives should support Barry Goldwater's "Ladder of Liberty" and the devolution of policymaking to the local level.

This is a shame. North Carolina's economy is strong and the Republicans in the General Assembly deserve the credit.