NORTH CAROLINA CENTER FOR
PUBLIC POLICY RESEARCH INC.

NEWS RELEASE

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CENTER SAYS STATE SHOULD TARGET DESIRABLE INDUSTRIES

The N.C. Center for Public Policy Research says the state of North Carolina should begin to target its recruitment of industry more than is presently being done. In an article published in its quarterly magazine, N.C. Insight, author Joseph T. Hughes, Jr. argues that the state could recruit industry that not only pay high wages but also do not damage the environment or the health of its workers.

In the six-month study that served as the basis for this article, Hughes examined new industry recruited to North Carolina from 1977-80 on a company-by-company basis. Using this North Carolina statistical base and aggregate national data, Hughes analyzed 20 industrial sectors in terms of economic desirability and environmental/health desirability. Combining these two desirability ratings produced an overall industry desirability score for each of 20 industrial sectors. The criteria used in each desirability ranking were as follows:

* Economic Desirability: U.S. average hourly wage rates and capital intensity (dollars per job) of new North Carolina industry (1977-80);

* Environmental/Health Desirability: intensity of chemical use, hazardous waste generation, incidence of occupational illness and injury, and severity of occupational illness and injury.

* Industry Desirability: combining the economic and the environmental/health desirability rankings.

Hughes found that six of every 10 jobs recruited to North Carolina during the period 1977-80 were in "very desirable" or "desirable" industrial sectors: printing, transportation, machinery, petroleum, tobacco, electronics, measuring instruments, and food sectors. Over 70 cents of every dollar in new industrial investment during this period also fell in these eight sectors.

"But these figures result more from good fortune than from good policy," said Hughes, who identified three major areas of concern.

"First, the Department of Commerce does not seem to employ any criteria concerning the environment or worker health," said Hughes. "This study represents a first effort to fill that gap."

Secondly, Hughes found that the Departments of Commerce and Natural Resources and Community Development "do not seem to be complying with the statutory requirement 'to conduct an evaluation . . . of the effects of any new or expanding industry or manufacturing plant locating in North Carolina.'"

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Finally, the article uncovers a critical gap in the current statistical methods of the Department of Commerce: the Department compiles data on new industry in the year the new plant is announced but not in the year in which it begins operations; consequently, the number of jobs and amount of investment reported for a given year reflect public announcements, not plants in operation.

The N.C. Center for Public Policy Research is an independent nonprofit corporation formed to study state government policies and practices. It is supported by grants from the Z. Smith Reynolds and Mary Reynolds Babcock Foundations in Winston-Salem. Recent reports by the Center have included studies on the effect of federal budget cuts on North Carolina and legislators who serve on executive branch boards. Copies of N.C. Insight may be obtained by writing the Center at P.O. Box 430, Raleigh, NC 27602, or by calling Bill Finger at (919) 832-2839.