

Robeson County: Current Economic Picture

The US Economy

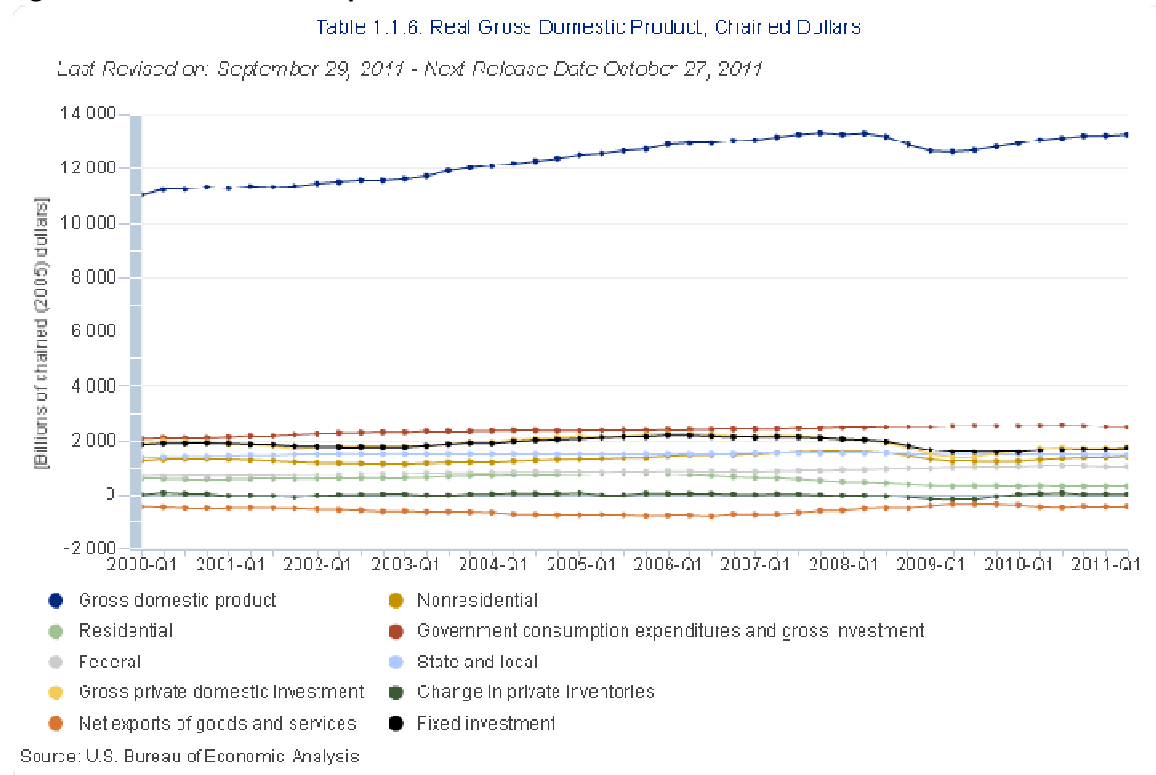
While the national unemployment rate remains high at 9.1 percent, there seems to be some improvement in the growth rate of national output. According to the data released by the Bureau of Economic Analysis (BEA) on September 29, 2011, real gross domestic product (real GDP), a measure of nation’s output after correcting for price changes, increased by 1.3% in the 2nd quarter of 2011. Real GDP in the 1st quarter of 2011 increased by 0.4%. According to the release, “The increase in real GDP in the second quarter primarily reflected positive contributions from nonresidential fixed investment, personal consumption expenditures (PCE), exports, and federal government spending that were partly offset by negative contributions from state and local government spending and private inventory investment.” (<http://bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>)

The report indicated that main contributors of this increase were increases in non-residential fixed investment, personal consumption expenditures, exports, and federal government expenditure. It also noted that these positive contributions were partly offset by state and local government expenditure and changes in private inventory.

(<http://bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>)

Figure 1 plots data for these variables from the 1st quarter of 2000 to the 2nd quarter of 2011.

Figure 1: Real GDP and Components



The report also noted that, “Profits from current production (corporate profits with inventory valuation and capital consumption adjustments) increased \$61.2 billion in the second quarter, compared with an increase of \$19.0 billion in the first quarter. Current-production cash flow (net cash flow with inventory valuation adjustment)—the internal funds available to corporations for investment—increased \$86.2 billion in the second quarter, compared with an increase of \$21.1 billion in the first.”

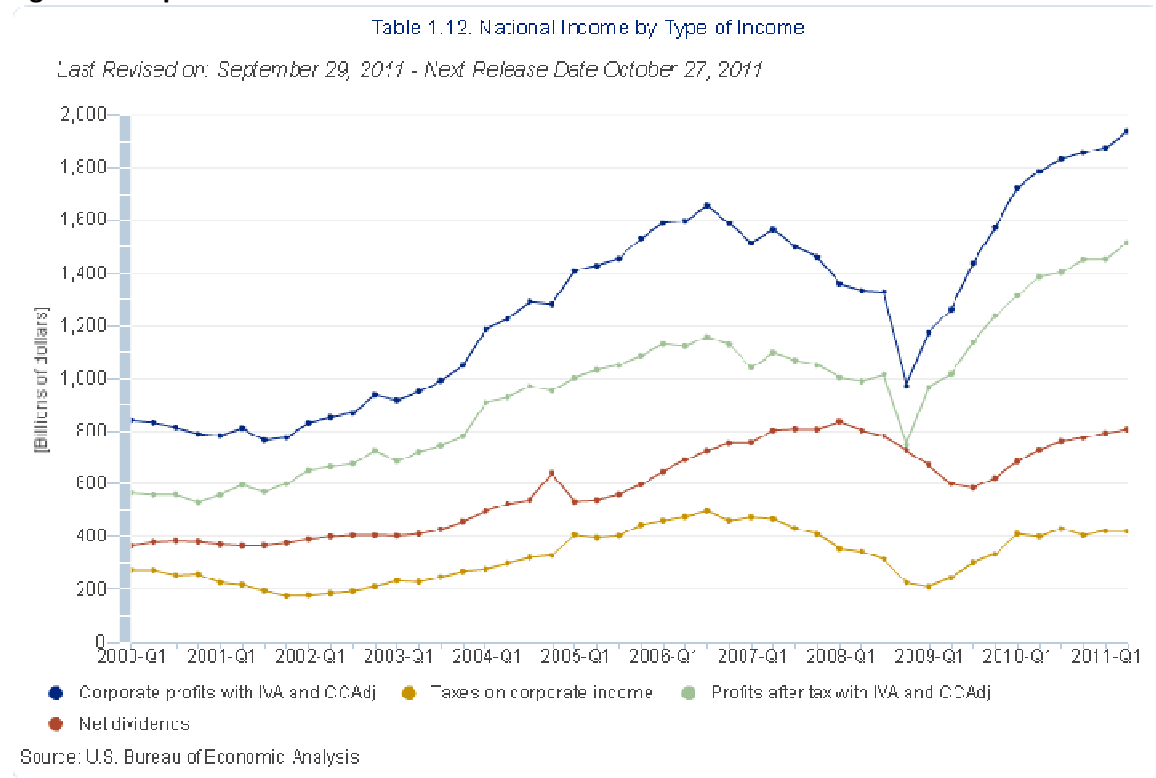
(<http://bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>)

Re report further pointed out that, “Taxes on corporate income decreased \$1.8 billion in the second quarter, in contrast to an increase of \$17.6 billion in the first. Profits after tax with inventory valuation and capital consumption adjustments increased \$63.0 billion in the second quarter, compared with an increase of \$1.4 billion in the first. Dividends increased \$13.6 billion, compared with an increase of \$19.0 billion; current-production undistributed profits increased \$49.3 billion, in contrast to a decrease of \$17.6 billion.”

(<http://bea.gov/newsreleases/national/gdp/gdpnewsrelease.htm>)

We plot corporate profits, taxes on corporate income, after tax corporate profits, and net dividend data from the 1st quarter of 2000 to the 2nd quarter of 2011 in Figure 2.

Figure 2: Corporate Profits and Taxes

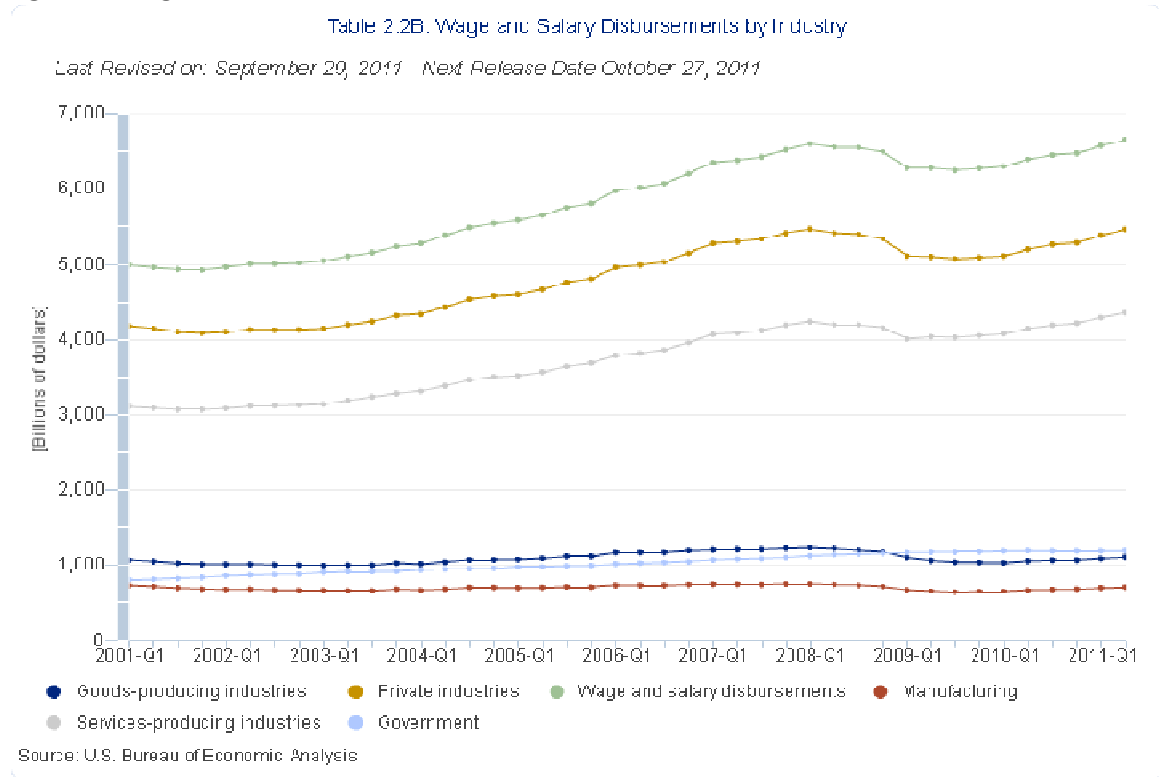


According to the Bureau’s report, “Private wage and salary disbursements increased \$24.3 billion in July, compared with an increase of \$8.9 billion in June. Goods-producing industries’ payrolls increased \$3.7 billion, in contrast to a decrease of \$0.3 billion; manufacturing payrolls increased \$3.6 billion, in contrast to a decrease of \$0.9 billion. Services-producing industries’ payrolls increased \$20.5 billion, compared with an increase of \$9.2 billion. Government wage

and salary disbursements decreased \$0.1 billion in July; government wage and salary disbursements were unchanged in June.”

Figure 3 plots these data from the 1st quarter of 2000 to the 2nd quarter of 2011.

Figure 3: Wages and Salaries



North Carolina

Figure 4 shows state level unemployment rates in the U.S. It also graphs data for states with the highest unemployment rates. Note that North Carolina has one of the highest unemployment rates in the nation. It is also worth noting that before the Great Recession began, North Carolina had one of the lowest unemployment rates in the nation. This fact helps appreciate the depth of the crisis.

Figure 4: State Level Unemployment Rate

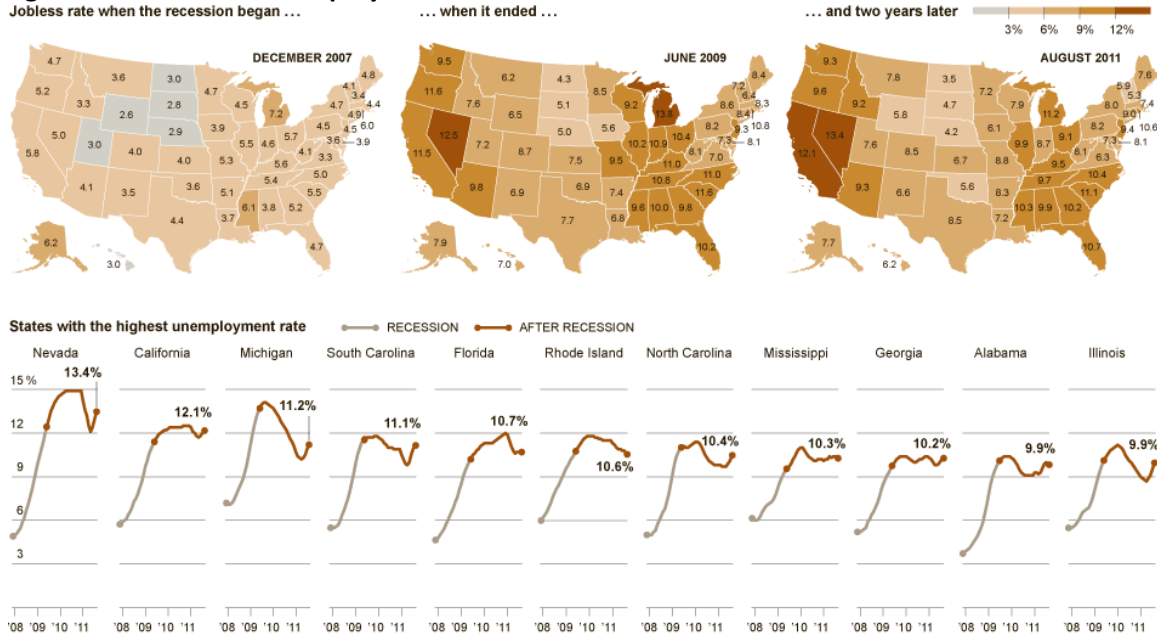


Figure 5 plots North Carolina real GDP data. It also plots total private industry output data and total manufacturing output data. All data are in real terms—after accounting for price changes.

Figure 5: North Carolina Real GDP

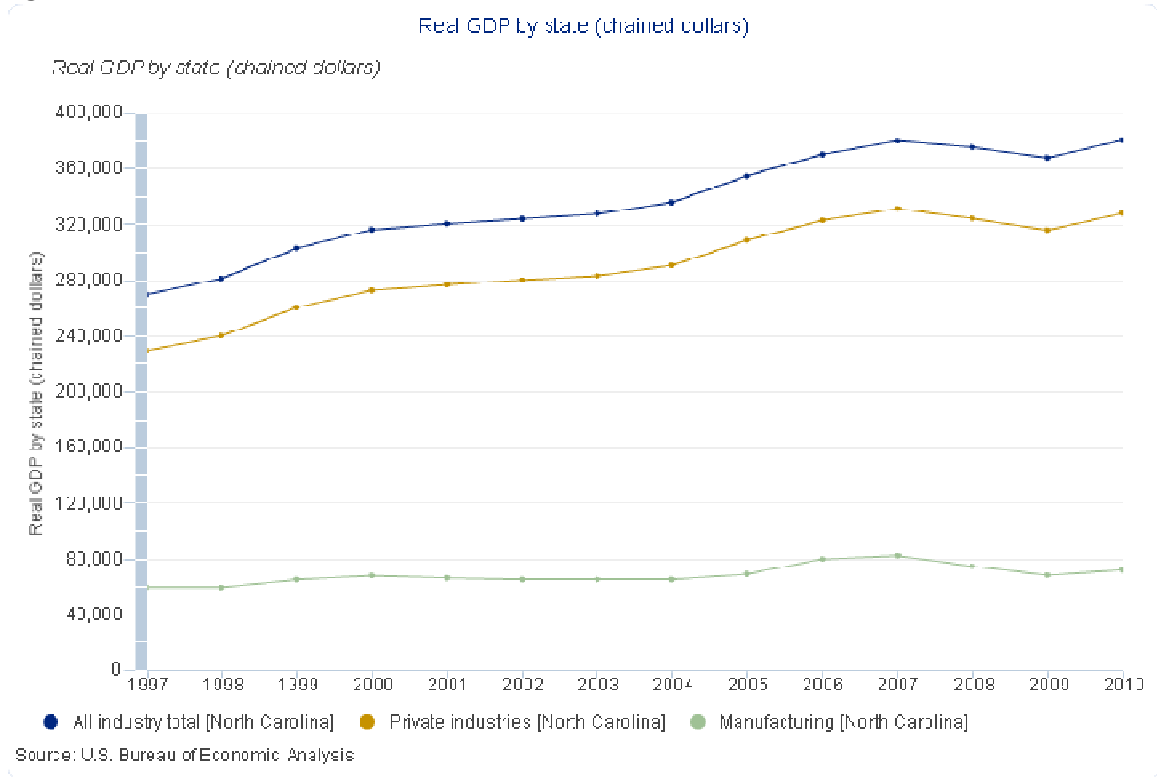
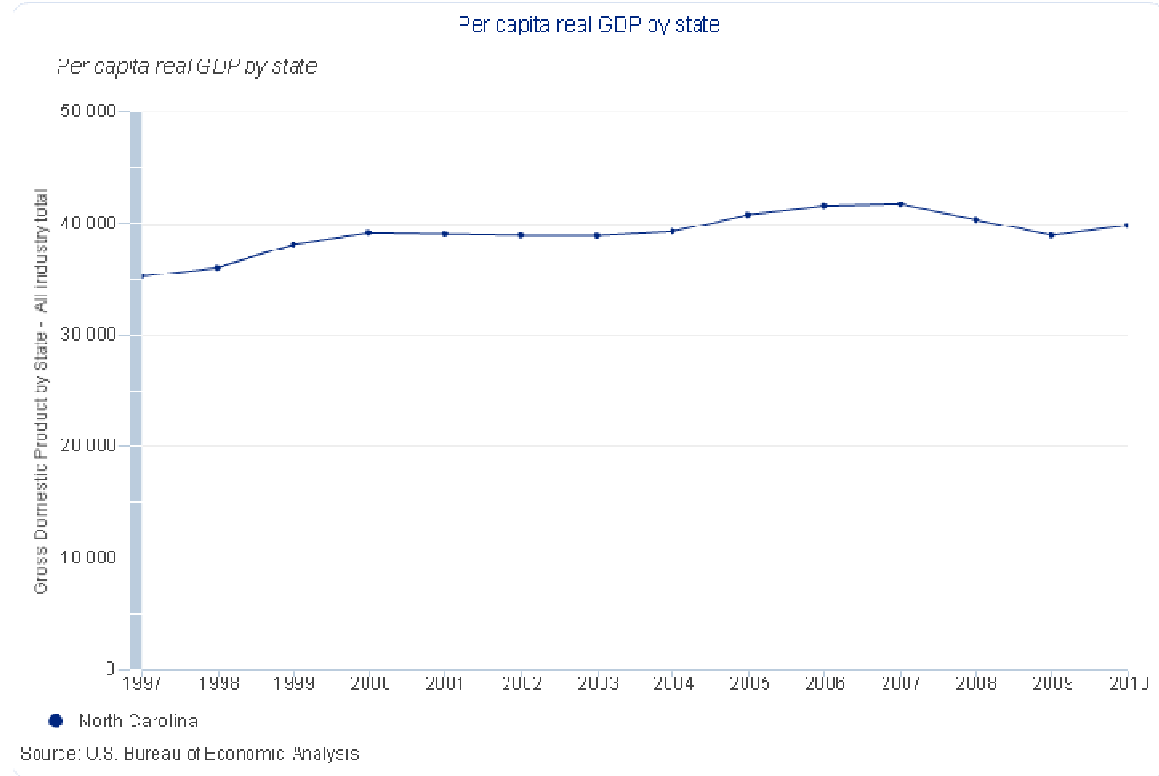


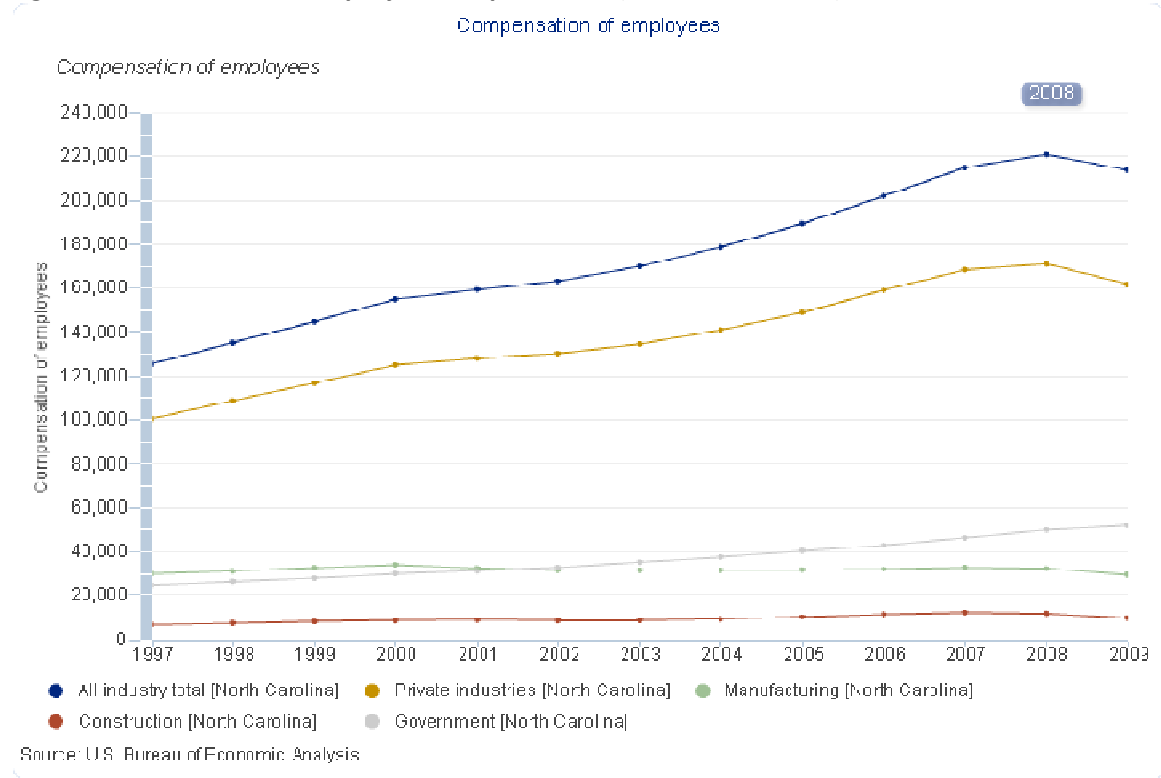
Figure 6 plots real per capita GDP—a measure of per capita income after controlling for inflation, for North Carolina. As can be seen from the graph, real per capita income in North Carolina has not reached its pre-recess levels.

Figure 6: North Carolina Real GDP Per Capita



We find similar trends with regard to employee compensation. Figure 7 plots these data for various sectors. However, note that employee compensation data have not been corrected for inflation. These data are in current dollars.

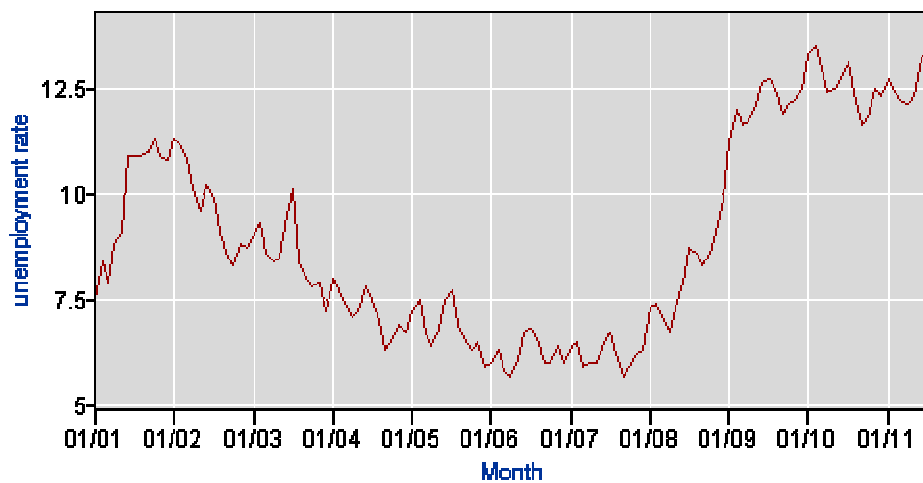
Figure 7: North Carolina Employee Compensation (in current dollars)



Robeson County

According to the latest data available at the time of writing this document the unemployment rate in August 2011, in Robeson County was 13.5%. Figure 8 plots these data.

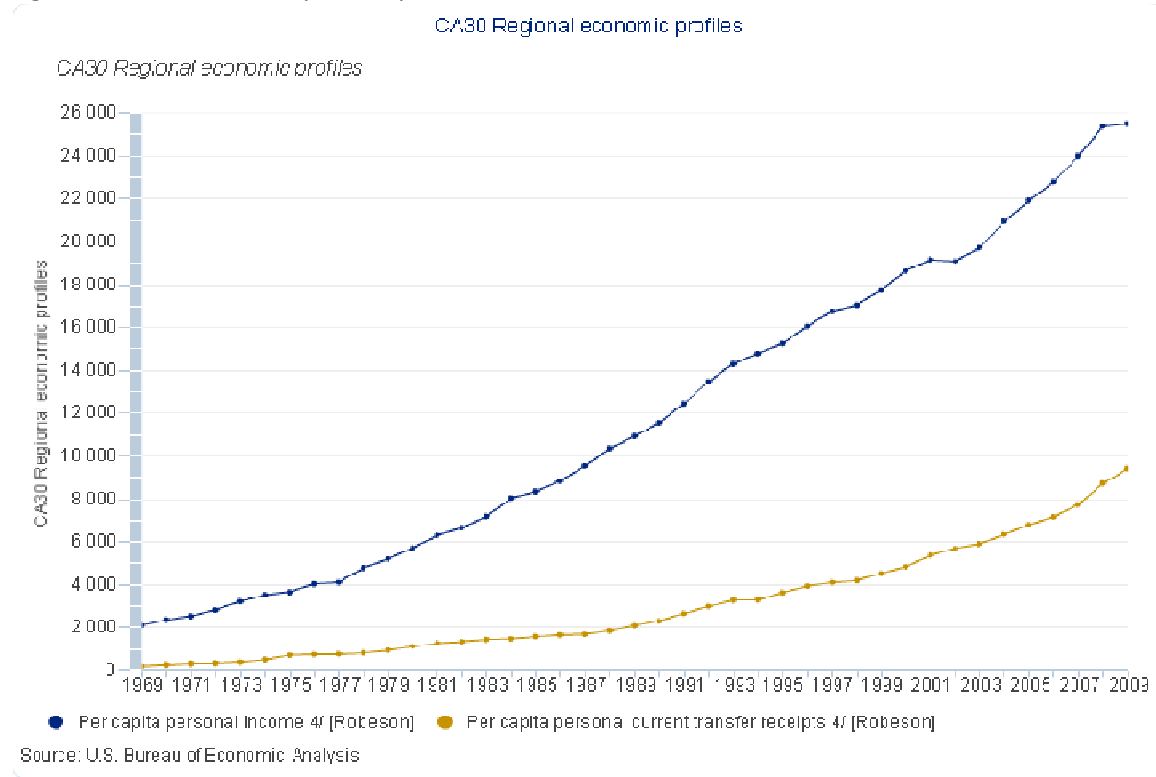
Figure 8: Robeson County Unemployment Rate



Source: www.bls.gov

In Figure 9 we plot per capita personal income from various sources. These data are nominal—impact of price changes has not been taken out.

Figure 9: Robeson County Per Capita Personal Income



Note: Per capita personal transfer receipts include per capita income maintenance, per capita unemployment insurance, and per capita retirement and other benefits.

While we see some improvement in national economic conditions, the overhang of the Great Recession is far from over.

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