



Cotton fields are giving way to development as commercial and residential communities pop up along Interstate 95 in Roanoke Rapids and Halifax County.

HARD TIMES

*North Carolina's
Northeast Counties
Are Among the Poorest
in the Nation.
Can They Reverse Course?*

BY BETTY JOYCE NASH

The Roanoke River helped channel colonial trade from the coast to the interior of northeastern North Carolina. It helped power textile manufacturing in the last century. Today, the river reels in more than \$3 million a year when fishermen hit Roanoke Rapids, N.C., looking for the rockfish that spawn in mid-March.

But Interstate 95 is the vein of commerce that's turning the economic tide today. It crosses the river and flows through the agricultural fields, leaving a swath of retail in its wake. Along the highway's edge in Roanoke Rapids, new development has cropped up on last year's furrows, including a Wal-Mart, chain restaurants, a cinema complex. Even a Starbucks is under construction.

Like much of the rural South, North Carolina's poorest counties, particularly the northeast cluster of Bertie, Halifax, Hertford, and Northampton, remain an economic desert when it comes to jobs, especially the technology-based work that has fueled economic progress in bigger cities. Single mothers of four make do on \$25,000 a year; others take jobs at multiple fast-food restaurants. Per-capita income is at 72 percent of the state average and 65 percent of the national average. And 24 percent of Halifax County people are poor, compared to 12 percent statewide. The federal poverty level is \$18,660 for a family of four.

These distressed counties lie too far from North Carolina's coast to win big

PHOTOGRAPHY: BETTY JOYCE NASH

from the coastal construction and tourism boom. They are isolated from the diverse job mix in cities like Raleigh, some 70 miles away. Poverty hides among the dilapidated barns and bushes and among decaying mill villages.

Rural residents face few job options, and the counties suffer from high illiteracy rates as the river of human capital rushes away from farms, fields, and former manufacturing plants into urban areas.

Job Country

Roanoke Rapids City Manager Rick Benton drives along a new stretch of road where harvested cotton fields lie adjacent to newly graded expanses of earth. He exchanges greetings with the proprietor of Twin County Powersports, set to open any day. In the distance is the Halifax Regional Medical Center, which employs 700 and serves about five counties. Benton explains that the new development in these fields probably will be medical offices. A residential community is also planned.

The city and county have invested in water, sewer and roads along the intersection of Interstate 95 and U.S. Highway 158 over the past seven years, even before the textile employers vanished. They're building a new airport, largely with federal funds. The city has an award-winning program to demolish or renovate homes in the mill village to increase tax base and reduce crime. They also developed an industrial site with a "shell" building, as economic developers do these days, to show business they mean business.

The work is paying off. Retail is popping; the shell building will be deeded to PCB Piezotronics, a sensor manufacturer which has pledged to come to town, if the firm meets investment commitments. And Benton spells out the significance of the stores, restaurants, and movies to rural residents.

"Before, if you wanted to shop, eat, and go to a movie, you had to drive to Rocky Mount," he says. Rocky Mount is some 30 miles away.

Shopping, eating, and movies, though, are only useful for people with extra money and the jobs to earn it. The

recent influx of retail jobs, economists say, is better than none. Service jobs — including retail — have replaced agriculture and manufacturing jobs throughout rural America. More than 93 percent of new full- and part-time jobs in nonmetro areas between 1990 and 1999 were generated by service industries, according to the Southern Rural Development Center. But who's complaining? Halifax County is down to a 9 percent unemployment rate at the end of 2003, compared to a high of 12 percent unemployed in 2002.

"We've gained more jobs than we lost, but a lot are retail and not as high paying with good benefits as industry jobs," Benton says. "We feel like now we've positioned ourselves with investments and infrastructure with PCB coming. They will create a world of opportunity."

The coming of commerce also includes other venues such as a Lowe's distribution center in neighboring Northampton County and Nucor Steel in Hertford County. And Halifax County recently gained a company that makes blinds, as well as PCB. Over the next decade, PCB plans to employ at least 500 people in jobs averaging \$26,000 a year with benefits. Officials hope PCB will complement a public/private investment, the North Carolina Advanced Vehicle Research Center, slated for neighboring Northampton County. But PCB aims to start with only 30 local people, so it will take a while for the multiplier effects to build.

Job creation is the mantra for distressed rural communities where drastic declines in agriculture and textiles have left many an unskilled 50-year-old jobless and many a local government with insufficient tax base. And a bleak employment picture motivates the most valuable asset — educated people — to leave if they can.

"With jobs, the more money that flows in, the better off you are, all other things equal," says Mitch Renkow, an economist at North Carolina State University. "If you have a lot of people who are highly educated, you'll have a higher number of [better paid] jobs. [You'll]

Northeast by the Numbers

Many of the counties in northeast North Carolina have per-capita income figures well below and poverty rates well above the state and national averages.



County	Per-Capita Income	Share of Population Below Poverty Level
Bertie	\$14,096	23.5%
Halifax	\$13,810	23.9%
Hertford	\$15,641	18.3%
Northampton	\$15,413	21.3%
North Carolina	\$20,307	12.3%
United States	\$21,587	12.4%

NOTE: Data presented are from 1999.
SOURCE: U.S. Census Bureau

textile industry employed 4,000 people at one time. But in 2002, the county's unemployment rate reached 12 percent compared to 6.7 percent statewide as the mill's operations dwindled, then ceased altogether in 2003. And the jobless bring unpleasant realities: Almost 11,000 people — 19 percent — receive food stamps.

As local economic development efforts concentrate on luring jobs, it's important to identify who actually gets the jobs, according to Renkow. It turns out that it's not always local people. Renkow has studied labor market adjustment to employment opportunities in the state and found that the previously unemployed take fewer than 2 percent of new jobs in a county.

Many new jobs in rural counties are filled by residents who formerly commuted elsewhere, approximately 37 percent. New in-commuters take 32 percent of the jobs and new residents fill nearly 29 percent, according to Renkow's findings.

Such worker mobility means that workers in one county will benefit from the success of another nearby county, another reason why it's critical for counties to cooperate when recruiting.

"Rural counties have a little leg up,

having those jobs stay at home,” he says. By contrast, in metro counties new in-commuters take a whopping 51 percent of new jobs.

Today’s pitch for the good jobs includes education and training. But it wasn’t always so. In the early days of industrial recruiting, companies flocked to rural areas where workers had little

formal schooling. People worked cheap and lived well and had little incentive to educate themselves. And they’re paying for it now.

The Learning Curve

When Northern industries moved south, it was because of cheap labor, notes Richard Brockett, associate

director for economic development at East Carolina University.

“Mill jobs were either second jobs, or people who worked on the family farm found employment there,” he says. “It didn’t take a lot of education to do it. Those jobs have left and [jobs in] farming are fewer and fewer.” The remaining population is trapped.

Like Freida James, who is folding her laundry at the laundromat on U.S. Highway 158. James has a steady job at one of the area’s prisons. But she hasn’t gotten a raise in four years and she supports four children ages 4 to 11 and herself on about \$25,000. She doesn’t want to leave the area because her parents live there and she reasons that even if wages are higher elsewhere, so will the cost of living be. She has friends who are unemployed and friends who work at fast-food restaurants.

“I know one girl working at Wendy’s and KFC both,” she comments.

North Carolina’s community colleges receive state funds to train workers for new and expanding industries. However, state incentives have not guided industry to distressed counties. According to a recent report by the North Carolina Budget and Tax Center, urban counties have been the biggest beneficiaries of state incentives. Sensor manufacturer PCB was brought in through sizable state and local incentives.

For example, Halifax County has agreed to upfit the shell building at \$1.5 million, and the city, along with a business nonprofit, will contribute \$90,000 to help relocate families. And the state offered a Job Development Investment Grant worth \$1.6 million over 10 years in the form of annual grants equal to 65 percent rebates on state income taxes paid by workers in the new jobs, if the company meets performance targets.

This is more than Southern hospitality — it’s a sign that these are the kinds of jobs rural areas need, but have been hard to attract.

“One of the most important problems...is that the kind of firms that pay good wages want a quality level in their work force that may not be available

Foundation Fosters Entrepreneurship in Rural North Carolina

Phillip Horne grew up in Northampton County, and his parents still live on the family peanut farm.

“I will never forget the day my father sat me down and said, ‘I am sending you away to go to school so you will not have to do this,’” he recalls his father’s words 30 years ago.

“He probably knew in his heart of hearts that I would be a lousy farmer,” Horne quips. “I had no idea until I left the farm and went away to an urban setting to go to college how impoverished my region was.”

Today, Horne is president of the Foundation of Renewal for Eastern North Carolina (FoR ENC). The group, bankrolled by private investors who back business in exchange for equity, began two years ago to stimulate the culture of entrepreneurship in eastern North Carolina. The group’s board is co-chaired by Kel Landis, former chief executive of RBC Centura Bank, and Phil Carlton, a former N.C. Supreme Court justice and one of the people who helped broker negotiations with the tobacco industry.

The mission is to grow intellectual capital as well as to attract money to transform vision into reality. The group began with about half a million dollars and currently has a net worth of about \$1.8 million, Horne says. “We feel we’ve done a lot with a little.”

Venture investments include Wavelength Broadband, which is entering its second round of investments and Edenton, N.C.’s, Broad Street Software Group, which hopes to go public within the next 18 months. Such investments, Horne hopes, will stimulate clusters of knowledge businesses. They’re also part-

ners in a small firm that salvages heart pine from old tobacco barns and factories to restore for contemporary projects. The business, Our Heritage Preserved, was recently featured on an NBC News segment.

Thinking big and small at the same time seems to be FoR ENC’s specialty. Perhaps one of FoR ENC’s most ambitious and visible projects slated for eastern North Carolina is the Fund for New Urbanism, Sandy Point, a project planned by the world-renowned architectural firm Duany Plater-Zyberk. The firm, according to Frank Dooley of FoR ENC, was casting about for a location outside of Florida and a friend introduced the group to one of the principals. The model community for visionary regional land planning will sit on nearly 1,000 acres adjacent to Albemarle Sound, three miles from Edenton. FoR ENC plans, with partners, to create an Institute for Eastern North Carolina on-site.

It’s a natural for the area, says Horne: “Sandy Point is a model for what Eastern North Carolina already is ... we are a series of inner banks towns. All were originally planned along a traditional neighborhood grid.” New Urbanism seeks to recreate a sense of community, with shops and workplaces and homes within walking distance. “It’s already been proven the creative class is dying for towns like this,” Horne says. “What we’re trying to say is we have the raw materials ... we can create new microeconomic systems that accommodate knowledge workers.”

Only two years old, Frank Dooley says FoR ENC is just getting warmed up. “We can rock and roll like the Triangle.”

—BETTY JOYCE NASH

in Halifax or Northampton counties,” says Renkow. “You have this brain drain phenomenon, where the smart kids go to the cities. First of all, if you’re a smart kid in Halifax County, you’re going to go somewhere else to go to college. And then you’re going to stay there.”

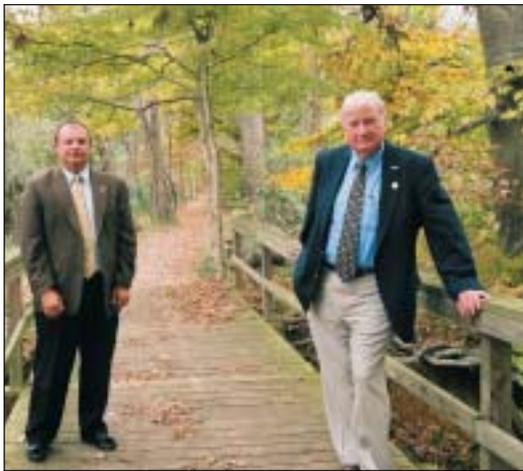
It’s a chicken-and-egg problem, says Mike Luger, director of the office of economic development at the Kenan-Flagler Business School of the University of North Carolina at Chapel Hill.

“For a healthy economy, the key elements are that the jobs being produced are appropriate for the labor force today, and lead to opportunities for higher skill value in the future,” Luger says.

There’s the rub. In Halifax County, roughly 35 percent of people 25 or older haven’t finished high school, says Lyndal Williams, dean of continuing education at Halifax Community College. Only 11 percent hold at least a bachelor’s degree, about half the state average of 22.5 percent. Average Scholastic Aptitude Test scores are the worst in the state: Students scored 782, compared to the state average of 1,001.

And there’s no telling how many people can’t read. No good data are available, says Williams. She’s been involved with retraining textile workers. “Their benefits are now playing out, so they are going to be trying to get into another labor market,” she says. For example, a class called environmental services trains people to wax and buff floors for businesses. At least one student started his own floor service business, she says.

People in the community are hungry for jobs. When PCB Piezotronics held its first job fair last fall in



Mayor Drewery Beale (right) and City Manager Rick Benton of Roanoke Rapids stand alongside a trail that runs for eight miles adjacent to the old canal bed that once brought trade inland.

Roanoke Rapids, it drew 1,600 people. The lucky few who will be hired will undergo months of training for the microscopic assembly work.

Enhanced education is linked to economic growth. Although economic development returns to education are greater in metro than nonmetro areas, an educated labor force is essential to a healthy economy in rural areas, too, economists have found.

The idea is that higher levels of human capital attract new business, enable existing local firms to pivot when technology and conditions change, and promote entrepreneurial activity, according to economists David Barkley and Mark Henry at Clemson University.

An educated labor force also stimulates networking and the spread of ideas, critical to the success of cluster development. The authors found that an increase in the number of adults with some college was associated with more rapid employment and per-capita income growth rates for urban and

rural areas. On average, a 5 percent increase in adults with some college resulted in 4,684 new jobs in metro areas and 150 new jobs in nonmetro counties, the authors found.

While those are modest gains, 150 new jobs in a county where unemployment is high are welcome, especially if those jobs come with benefits and the chance of upward mobility.

The people in Roanoke Rapids and Halifax County who have worked to improve the economic climate believe they’re finally ahead. Losing a turf mentality helped, but it wasn’t easy.

“Regionalism has a tough time taking hold in areas that don’t have a whole lot going for them,” Brockett says.

But tourism director Lori Medlin, who returned to her native Roanoke Rapids to marry and raise her family after 10 years in New York City, says she’s earned a place at the economic development table. “That wasn’t the way it was when I first came here in 1995.” And it’s because tourists spent \$57 million in Halifax County in 2003, a 35 percent increase since she arrived that year. Visitors include eco-tourists who kayak or bird watch at the world-renowned sanctuary in Scotland Neck, hunters and fishermen, and history buffs interested in the Halifax Resolves, the first action by a colony urging independence.

In rural areas, it’s unlikely that a big fish will come along and pull everyone out of the ditch. So it makes sense to encourage even a minuscule piece of the economy.

“When you make a ripple in a small pond,” Brockett says, “it can make a difference.”

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